MUNICIPALITIES AND SOCIAL RESPONSIBILITY, SALASPILS MUNICIPALITY CASE[1]

Inga Jēkabsone ─ Biruta Sloka

Abstract

The aim of paper is to present the model of management for municipalities based on principles of social responsivity and social inclusion.

In order to achieve the aim the tasks are formulated as follows:

1. to review theoretical background and research findings for social responsible management at municipalities;

2. to analyse the role of good governance in context of ensuring the well-being of society;

3. to assess good practice of social responsible municipalities;

4. to analyse the results of conducted empirical research using the *SPIRAL* methodology (developed by Samuel Thirion and his colleagues at European Council) for assessing and subjective well-being in municipality in context of social responsibility.

The main findings of the paper - the principles of social responsibility in management of municipalities are becoming more and more important across the EU countries - there had been done several researches to analyse the role of municipalities for ensuring more sustainable development of territory taking into account social responsibility principles. Those researches are closely related to innovative management practices and citizen engagement processes leading to more democratic society. Analysed methodology for evaluation and improvement of subjective well-being for municipalities which is based on principles of social responsibility, social inclusion and co-responsibility approach provides rich seam of material for decision making processes.

Key words: subjective well-being, social inclusion, municipality, social responsibility

JEL Code: I31, I38, O21, R58

Introduction

Governments around the world are struggling with a new role, which is to meet the needs of the present generation without compromising the ability of the next generations to meet their own needs. Organizations are being called upon to take responsibility for the ways their operations affect societies and the natural environment. They are also being asked to apply sustainability principles to the ways in which they conduct their business (Van Kleef and Roome, 2007). Social responsibility is an ethical theory that an entity, be it an organization or individual, has an obligation to act to benefit society. Social responsibility is a duty every individual has to perform so as to maintain a balance between the economy and the ecosystems.

As the most important interactions between citizens and government happen at the local level, local authorities from one hand should ensure that all services they are providing are based on social responsibility principles, from other hand – maintain the balance of sustainability of all economic activities that are conducted within the administrative territory. In general terms, local government institutions can be considered repositories of knowledge in the form of laws, regulations or specific cases. These institutions provide and deliver public services that are of key importance to citizens and business. They enable local governments to provide citizens, business and other organizations with convenient access to local services and opportunities of collaboration via different channels, including information communication technologies. In this context, it is crucial to ensure that all services are provided taking into account social responsibility principles.

Taking into account all mentioned before, the aim of the paper is to present the model of management for municipalities based on principles of social responsivity and social inclusion.

In order to achieve the aim the tasks are formulated as follows:

1. to review theoretical background and research findings for social responsible management at municipalities;
2. to analyse the role of good governance in context of ensuring the well-being of society;
3. to assess good practice of social responsible municipalities;
4. to analyse the results of conducted empirical research using the *SPIRAL* methodology (developed by Samuel Thirion and his colleagues at European Council) for assessing and subjective well-being in municipality in context of social responsibility.

In order to achieve the aim of the paper, following research methods were used: scientific literature studies, several stages of focus group discussions, statistical data analysis, *SPIRAL* methodology, scenario method.

1 Theoretical background and research findings for social responsible management at municipalities

Although term of social responsibility is not new, it has evolved conceptually both in academic literature and in business. Over time, scholars have examined and classified the concept and theories of corporate social responsibility. Lately there have been examined the relations between business and local municipalities. For example, the World Business Council for Sustainable Development considered corporate social responsibility as the commitment of business to contribute to sustainable economic development, working the local community and society at large to improve their quality of life. In addition, it also requires a mind-set that is in tune with the society and community in which a company lives and makes its living (Abu-Baker & Naser, 2010).

Growing concern about the effect of organizations on society and the environment has led the public to demand from companies not only economic value added, but also socially and environmentally responsible behaviour. There are also demands of higher levels of transparency in relation to these business impacts, through the disclosure of information from the triple bottom line (Prado-Lorenzo and Garcia-Sanchez, 2010).

Nowadays, these requirements have also reached the entities that make up the public sector, becoming part of their essential duties (Farneti and Siboni, 2011). Citizen pressure means that the activities carried out by public organizations including local authorities must also be socially responsible, as well as accountable as regards the sustainability of their operational performance. More specifically, the public sector is required to display a greater extent of sustainability, accountability and transparency in the use of public resources. It should show a greater response to stakeholders' petitions and expectations, stronger public commitment and a higher degree of consultation in decision-making processes. Given the fact that the public sector operates with citizens' funds, it is understandable that citizens require an increasing amount of information and transparency to monitor the activities undertaken by public administrations (García-Sánchez and Frías-Aceituno, 2013). For this reason, several public entities have decided to add sustainability information to their standard budgetary and financial reports (Ball and Bebbington 2008). Nevertheless, previous literature about social

responsibility mainly focuses on the practices of private corporations, whereas it's meaning and its implementation in the public sector is a relatively new and much less researched topic (Marcuccio and Steccolini, 2005).

2   The role of good governance in context of ensuring the well-being of society

Good governance is an indeterminate term used in international development literature to describe how public institutions conduct public affairs and manage public resources. Governance is "the process of decision-making and the process by which decisions are implemented (or not implemented)" (Qorbani & Feizi, 2014). The term "governance" can apply to corporate, international, national, local governance or to the interactions between other sectors of society.

Defining the principles of good governance of municipality is difficult and controversial. Enunciates a set of principles that, with slight variations, appear in much of the literature. Main principles are following:

- *Participation* – there should be built broad participation on freedom of association and speech, as well as capacities to participate constructively;

- *Effectiveness and efficiency* – processes and institutions produce results that meet needs while making the best use of resources; the concept of efficiency in the context of good governance also covers the sustainable use of natural resources and the protection of the environment;

- *Transparency* – it is built on the free flow of information - processes, institutions and information are directly accessible to those concerned with them, and enough information is provided to understand and monitor;

- *Equity* – a society's well-being depends on ensuring that all its members feel that they have a stake in it and do not feel excluded from the mainstream of society; this requires all groups, but particularly the most vulnerable, have opportunities to improve or maintain their wellbeing (Qorbani & Feizi, 2014).

There is a growing interest and commitment regarding sustainability reporting and ensuring the well-being for society on behalf of public administrations. Sustainability plays a key role in modern organizations and, consequently, in the provision of public services, for which accountability is essential (Guthrie et al., 2010). However, even though citizens' requirements as regards transparency and accountability are increasing, reporting on

sustainability and social responsibility is a topic that has not yet been widely studied (Ball and Bebbington, 2008). The practices of sustainability disclosure in the public sector are in their infancy when compared to the private sector (Dumay et al., 2010). However, Ball and Bebbington (2008) maintain that the public sector should be able to provide better information, both because its relationship with stakeholders is not just established through the market, and because the sustainability activities performed by public entities form part of their main functions.

3   Good practice of social responsible municipalities

According to the definition of The Regional Environment Centre for Central and Eastern Europe, sustainable and social responsible cities are those that "[have] put in place action plans and policies that aim to ensure adequate resource availability and (re)utilisation, social comfort and equity and economic development and prosperity for future generations". Along these lines, one of the most common approaches to determine a municipality's level of sustainability is its quality of life or well-being (Williams et al., 2008). For instance, citizens' levels of satisfaction depend on certain factors related to sustainability issues, such as environmental quality, absence of noise, services provided and available facilities (Howley et al., 2009).

This proves that well-being and sustainability are interconnected (Prado-Lorenzo et al., 2012) and provide a full picture of the definition of well-being. As a result, local politicians are more prone to convincingly demonstrate that their city's residents enjoy higher levels of well-being and satisfaction (in other words, a higher quality of life) than those of other localities, reporting their efforts to improve quality of life through practices of social responsibility and sustainable development (Prado-Lorenzo et al., 2012).

In order to ensure the balance between needs of inhabitants of municipality and business, the Executive Mayor of Mogale City Local Municipality (South Africa) has executively approved the authorization of a 1% Corporate Social Responsibility levy on all successful service providers that are appointed by municipality. The levy is meant to ensure accountability and commitment from those service providers that are benefiting from municipality through successful tendering who are located outside the boundaries of the municipality to contribute towards the social responsibility our communities. This financing has been used for different environment activities (Mogale City Local Municipality, 2009).

Other municipalities, for example, Greater Amman Municipality (Jordan), organized Corporate Social Responsibility Forum. The objective of such forum is to encourage new dialogs and debates towards positive, progressive thinking with impact, for healthier communities in mind, body, soul and economies (Abu-Baker & Naser, 2010).

Salaspils Municipality (Latvia) used complex method in order to ensure social responsible and sustainable management at municipality. In order to ensure wide participation of stakeholders there were created Local Support Group, which was represented by the leaders of NGOs, interest groups and other active organizations. Special role in this group had Association for Entrepreneurs. This NGO were initiated by the municipality recently in order gather round main entrepreneurs at municipality for creation more successive dialogue. Using focus group discussions there were defined subjective well-being indicators; based on their results there were created Local Action Plan which addressed the main challenges of the municipality (Jēkabsone & Sloka, 2014). The results of conducted research would be analysed in following section.

Research and discussion

As it was written before, research on indicators of subjective well-being in Salaspils municipality was conducted. Research was ensured using SPIRAL (*Societal Progress Indicators for the Responsibility of All)* methodology designed by the experts of Council of Europe. This methodology was approbated in different municipalities in more than 20 countries and it is representing a subjective position in researching the well-being of society which answers to the question: "What is for you the well-being/ill-being?". As a direct result of the Council of Europe's social cohesion strategy in issues on society involvement preparation of proposals for decision making, the methodology is different from other society participatory methodologies: it is entirely open and systematized.

During the research in Salaspils, 25 different homogeneous groups $(8-10$ participants) were formed which represented NGOs, interest groups and different organizations of Salaspils. During the research, participants provided answers to 3 questions:

1. What is well-being for you?
2. What is ill-being for you?
3. What could you do to improve your well-being?

Afterwards, the subjective evaluation of well-being of inhabitants are grouped by 8 well-being dimensions: (1) Access to means of living; (2) Living environment; (3) Social

balance; (4) Personal Balance; (5) Attitudes and initiatives; (6) Feelings of well-being and ill-being; (7) Personal relations; (8) Relations with institutions (URBACT II, 2009). Figure 1 shows the results of the research indicating the dimensions of well-being and their importance by the point of view of inhabitants.

Fig. 1. Indicator synthesis from responses of all homogeneous groups in Salaspils municipality in 2011, %
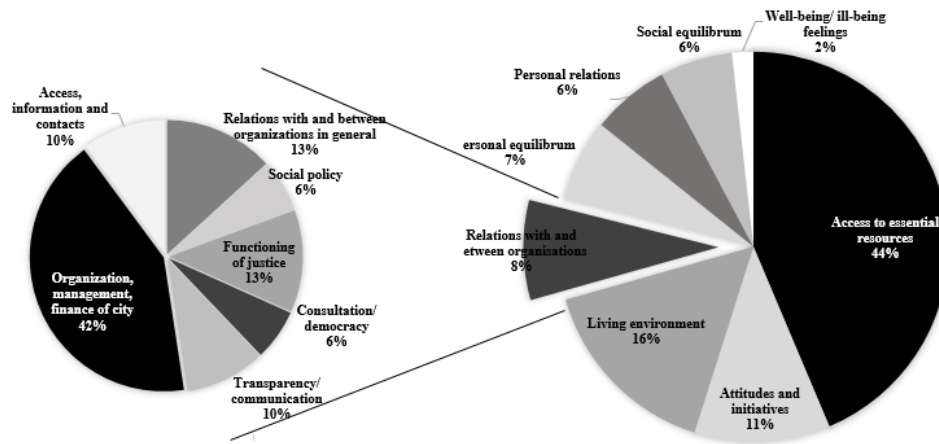
Source: Results of analysis of 25 homogenous groups in Salaspils – results gained from 3 meetings. September, 2010 until May 2011(from 2867 answers)

Inhabitants of Salaspils municipality as main well-being dimension defined "Access of means of living" (answers like "*to have a good job*", "*to have a big salary*", "*to own a house*", "*good education*", etc.). Next well-being dimension was nominated "Living environment" (responses like "*green environment*", "*safety at roads*", "*parks where to walk*", "*no waste*", etc.). As third post popular dimension was defined "Attitudes and initiatives" (answers like "*to express myself*", "*to participating in decision making process*", "*to be in NGO*", etc.). Subjective well-being dimension "Relations with institutions" was also important to participants (8.28% of all responses related to this dimension). This dimension represented answers like *"to have a dialogue with municipality", "to have civil rights", "no corruption",* etc. As social responsibility of the municipality and organizations in whole relates to this dimension, further would be provided analysis of it.

Following (Tab.1) is provided the breakdown of the all indicators related to dimension "Relations with institutions". The description of indicators are defined in five situations from very bad to ideal (the situation was determined by the leaders of the homogeneous (focus) groups, which participated in the research of data gathering.

Tab. 1: Subjective Well-being Indicators Related to Public Services and Environment in Salaspils Municipality

Well-being indicator	Relations with and between organizations in general	Functioning of justice	Social policy	Consultation/ democracy	Transparency/ communication	Organization, management, finance of city	Access, information and contacts
Very bad situation	There is no security and stability regarding authorities. Corrupt public environment. State attitude to the population is disrespectful.	Injustice, corruption, inequality dishonesty, irresponsibility.	Improper allocation of resources. No policy for risk groups.	No civic activities and protests (strikes and pickets). No possibility to participate in decision-making process.	High corruption, dishonesty in public administration. No dialogue between authorities and society.	Changing laws, incompetent politicians, uncertainty about the future of tax evasion.	Politicians do not work in the interests of the population. No information about important events, decisions taken.
Bad situation	Political situation causes great discomfort in society. Council plans and actions are not always consistent with the welfare of the people.	The law is being interpreted – not always in favour of society. Freedom of choice is limited. Limited opportunities.	Disorganized political environment and legislation regarding social policy.	Formal approach in involving society in decision-making process. Consultation with society only before elections.	Corruption and dishonesty in public administration is not high, but it affects decision-making.	Politicians are competent, but the government is not reliable. The illegal trade of alcohol is increasing. There are big queues to kindergartens.	There Blato system still works in some cases. Formal approach in informing the society.
Medium situation	There is support from the state and local government, but there is too much bureaucracy and abusive use of power.	The freedom of choice is not limited, but the public administration are not implemented it honesty (not in interests of its citizens).	Organized economic and political environment, arranged legislation. However, social groups are not involved in decision-making process related to them.	The government thinks about welfare of the people, but not sufficiently attentive to the needs of the population. The cross-border relations are not encouraged.	Corruption and dishonesty in public administration is not high. People do not use their rights.	Politicians are competent, but political life is poor. There is insufficient attention to dofferent security measures in the social field. The lack of administrative penalties.	Politicians acting in the interests of the population, however they don't think enough about the economy as a national source of wealth. The bureaucracy is not reduced.
Good situation	Citizens can trust the state power and local government.	There are civil rights and the right to choose (not limited). Government is honest, but there is no strengthening of the democratic process.	Organized economic and political environment and legislation. Educated and active people are working for government.	The government thinks about welfare of the people. Citizens are not active at elections.	Honest politicians. Future is unpredictable, people are using their rights.	The Government is reliable, but the political situation is not stable. There is no sustainable development plans.	The municipality takes care of the people from social risk groups.
Very good situation	Belief in the authorities. No willingness to move to another country. Local patriotism.	Realization of the principle "one justice to all".	A coherent, sustainable social policy.	Trust in the government, people are civically active.	Transparent national policy, there is no censorship.	Will of the people is heard. Sustainable development of the municipality.	Active and fruitful dialogue between citizens and authorities.
Situation in Salaspils municipality	*Medium*	*Medium*	*Good*	*Medium*	*Good*	*Medium*	*Medium*

Source: Results of analysis of 25 homogenous groups in Salaspils – results gained from 3 meetings. September, 2010 until May 2011(from 2867 answers)

The leaders of homogeneous (focus) groups decided that well-being indicators "Relations with and between organizations in general", "Consultation/ democracy", "Organization, management, finance of city", "Access, information and contacts" are at medium situation, when indicators "Social policy" and "Transparency/ communication" – at good. Commonly the situation could be described in following way: in general, society admits that there is support from the municipality, there is organized political and economic environment as educated and active employees are working at administration. However, the dialogue between society and municipality is not sufficient (especially with social risk groups – inhabitants are not involved in decision-making process, there is also bureaucratic burden in receiving different services of the municipality. In addition, there municipality's realised policy should be more stable and sustainable.

In order to improve the situation, there were identified activities which should be realised jointly my representatives of administration of municipality and leaders of homogeneous groups. Prioritising defined activities, indicating timeframe, responsible persons and financing, there were prepared Local action plan aiming to improve the well-being in municipality, promoting to implementation the principles of social responsibility, social inclusion and co-responsibility approach. For example, to improve the indicator "Consultation/ democracy", there were organized the Local Support group which was formed from the leaders of NGOs and main interest groups. In this group are discussed different topicalities of the municipality – administration and politicians inform the group about implementation of different activities, ask advice for future plans. In addition, there had been forming working groups in order to implement the activities indicated in Local Action plan.

In general, research in Salaspils municipality showed that for inhabitants is important that municipality takes into account the principles of social responsibility and sustainable development providing their services and realising the policy. It was also concluded that citizens want to participate in decision-making processes realising their civil rights promoting the transparency of policy and decreasing the corruption. Organising the research for evaluation of subjective well-being and building the Local action plan aiming to improve important subjective well-being indicators involving society is the good way to improve the dialogue with society, promote the realization of sustainable development, citizens engagement and social responsibility principles.

Conclusion

Taking into account the need for a sustainable development, Corporate Social Responsibility has become an extremely important subject not only for companies but also for communities and public policy. Academic researches and good practice of many municipalities show that inhabitants appreciate involvement of them in decision-making process, effective communication from local authority side and provision of services based of sustainability principles.

On a broader level, local governments can provide opportunities for community involvement, volunteering, and utilize its social capital to its maximum capacity in terms of education, skills development and basic needs. They can facilitate and enable businesses and civil society organizations to contribute to their sustainable goals. It is crucial for the government to maintain flexibility in engagement and to acknowledge that there is no one-way or best approach to promoting corporate social responsibility. Rather, the government may use a wide range of approaches across its sustainable areas of interest to encourage sustainable business decisions by corporations.

Municipalities have not harnessed the opportunities to engage the private sector in achieving a common good. There are opportunities for municipalities to demonstrate leadership and together with society identify priority areas where public and private sector efforts can converge and result in the achievement of social sustainability goals. There is recommendation that municipalities can create and communicate common goals for jointly achieving social sustainability in a manner that combines interests with municipal goals, for example conducting the research on subjective well-being indicators and building up the Local Action Plan aimed to improve the overall subjective well-being at municipality taking into account the principles of sustainable development, social responsibility and citizens engagement (Salaspils municipality case).

References

Abu-Baker, N., Naser, K. (2010). Emperical Evidence on Corporate Social Disclosure Practices in Jordan. *International Journal of Commerce and Management*, 10 (3/4), 18 – 34.

Ball, A., Bebbington, J. (2008). Accounting and reporting for sustainable development in public service organisations. *Public Management Review*, 28, 323-326.

Dumay, J.C., Guthrie, J., Farneti, F. (2010). GRI sustainability reporting guidelines for public and third sector organizations. *Public Management Review*, 12, 531-548.

Farneti, F., Siboni, B. (2011). An analysis of the Italian governmental guidelines and of the local governments' practices for social reports. *Sustainability Accounting, Management and Policy Journal*, 2, 101-125.

García-Sánchez, I.M., Frías-Aceituno, J.V., Rodríguez-Domínguez, L. (2013). Determinants of corporate social disclosure in Spanish local governments. *Journal of Cleaner Production*, 39, 60-72.

Guthrie, J., Ball, A., Farneti, F. (2010). Advancing sustainable management of public and not for profit organizations. *Public Management Review,* 12, 449-459.

Howley, P., Scott, M., Redmond, D. (2009). Sustainability versus liveability: an investigation of neighbourhood satisfaction. *Journal of Environmental Planning and Management*, 52, 847-853.

Jēkabsone, I., Sloka, B. (2014). The Assessment of Well-being in Context of Regional Development. *Economics and Business*, 26, 28-35.

Marcuccio, M., Steccolini, I. (2005). Social and environmental reporting in local governments: a new Italian fashion? *Public Management Review*, 7, 155-176.

Mogale City Local Municipality. (2009). Policy on Corporate Social Responsibility Fund. Retrieved on May 5, 2015, from http://www.mogalecity.gov.za/content/pdfs/key_docs/corporate_social_fund_policy.pdf

Prado-Lorenzo, J.M., García-Sánchez, I.M., Cuadrado-Ballesteros, B. (2012). Sustainable cities: do political factors determine the quality of life? *Journal of Cleaner Production,* 21, 34-44.

Qorbani, M., Feizi, M. (2014). Surveying the Relationship between Good Governance and Social Responsibility in Ardabil Municipality. *Singaporean Journal of Business, Economics and Management Studies*, 3 (3), 22-27.

URBACT II. (2012). URBACT II Programme Manual EAP/MC. Retrieved October 14, 2014, from http://mdrl.ro/_documente/coop_ teritoriala/granite_URBACTII_OfficialDoc

Van Kleef, J. A. G., & Roome, N. (2007). Developing capabilities and competence for sustainable business management as innovation: A research agenda. *Journal of Cleaner Production*, 15, 38-51.

Williams, A., Kitchen, P., Rnadall, J., Muhajarine, N. (2008). Changes in quality of life perceptions in Saskatoon, Saskatchewan: comparing survey results from 2001 and 2004. *Social Indicators Research,* 85, 5-21.

Contact

Inga Jēkabsone

University of Latvia, Faculty of Economics and Management,

Aspazijas Boulevard 5, LV-1050, Rīga, Latvia

jekabsone_inga@inbox.lv

Biruta Sloka

University of Latvia, Faculty of Economics and Management,

Aspazijas Boulevard 5, LV-1050, Rīga, Latvia

biruta.sloka@lu.lv