

MEASURING THE EFFECTIVENESS OF DECENTRALIZATION POLICY THROUGH THE COMMUNITY SATISFACTION INDEX: A SURVEY OF PUBLIC PERCEPTION OF THE QUALITY OF BASIC SERVICES IN THE LAUTÉM MUNICIPALITY, TIMOR LESTE

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Abstract

The decentralization policy in Timor-Leste, as a post-conflict nation, aims to bring public services closer to the community, improve their quality, and strengthen state legitimacy at the local level. This study presents a comprehensive empirical evaluation of the effectiveness of this policy in the Lautém Municipality by analyzing the level of community satisfaction with three pillars of basic services: education, health, and population administration. Using a quantitative approach with a survey method involving 350 heads of households selected through stratified random sampling, this research adopts a modified SERVQUAL framework. The results show that the overall Community Satisfaction Index (CSI) score is 76.5 out of 100, which falls into the Good category. However, this finding conceals significant disparities among service types, population administration services scored the highest (81.2), reflecting the success of procedure standardization, followed by education (77.8), while health services significantly lagged with the lowest score (70.5), primarily due to issues with medicine availability and facilities. Multiple linear regression analysis identifies that the dimensions of responsiveness ($\beta = 0.35, p < 0.01$) and empathy ($\beta = 0.25, p < 0.01$) are the strongest predictors of community satisfaction, surpassing physical aspects (tangibles). These results indicate that although decentralization has shown a positive impact, its effectiveness is not yet uniform, and its success heavily depends on the quality of interaction between citizens and officials. A focused improvement in the capacity of local officials and a reformulation of resource allocation strategies, especially in the health sector, are necessary to realize the full potential of the decentralization policy.

Keyword: Decentralization, Community Satisfaction, Public Service Quality, Public Services

1. INTRODUCTION

Decentralization has become a primary paradigm and public administration reform strategy adopted globally in many developing countries, including Timor-Leste. For a nation rebuilding its institutions post-conflict, decentralization is not just a technical instrument for efficiency but also a political project to build trust and bring the state closer to its citizens. Since the implementation of Law No. 11/2009 on Administrative Division, the government of Timor-Leste has gradually delegated

authority to municipal governments to enhance the efficiency and effectiveness of public services (da Cruz, 2018). The Lautém Municipality, officially established in 2015, is one of the pilot areas expected to demonstrate the success of this policy in a unique local context with distinct geographical and socio-economic challenges. However, after nearly a decade, a comprehensive evaluation of the impact of decentralization on citizen satisfaction as direct beneficiaries remains very limited.

Data from the Timor-Leste Human Development Report (UNDP, 2022) reveals a paradox: although macro-indicators such as access to basic services have improved nationally, complaints at the micro-level regarding quality, long waiting times, convoluted bureaucracy, and informal fees are still persistent issues at the local level. The gap between national-level policy and the reality experienced at the grassroots level is the main focus of this research. The table below, presenting preliminary data from a preliminary survey, provides an initial picture of the perception challenges in the Lautém Municipality.

Table 1. Preliminary Survey of Public Service Quality Perception in Lautém (n=100)

Service Quality Indicator	Percentage of Satisfied Respondents	Percentage of Less Satisfied/Dissatisfied Respondents	Potential Implications
Speed of Service	62%	38%	Bureaucratic processes are still slow.
Affordability of Costs	55%	45%	Potential for informal fees/levies.
Officer Competence	68%	32%	HR capacity needs to be improved.
Procedural Transparency	45%	55%	Risk of corruption and service uncertainty.

Source: Processed Data from the Suara Komunitade Lautém Report, 2024

The data above clearly highlights that transparency is the area with the lowest satisfaction level. This is crucial because a lack of transparency often correlates with low accountability and public trust in government institutions, which are the core objectives of the decentralization policy itself.

Previous research has produced varied findings regarding the impact of decentralization. A study by Warlina (2019) in Indonesia, for example, found a strong positive correlation between fiscal decentralization and improvements in health infrastructure and life expectancy at the district level. Similarly, research by Martinez-Vazquez and Timofeev (2017) in several Eastern European countries showed that political decentralization, marked by direct elections of regional heads, significantly contributed to the responsiveness of local governments to citizens' needs. However, research by Olowu and Wunsch (2016) in several Sub-Saharan African countries offers a more critical view. They highlighted that decentralization often fails to deliver expected results due to pseudo-decentralization, where authority is delegated without a corresponding transfer of fiscal resources and adequate local capacity development, along with strong central government intervention. Research by Sari and Nugroho (2020) in the Southeast Asian context emphasizes the importance of public participation as a crucial mediating variable connecting decentralization with community satisfaction; without the active involvement of citizens in planning and oversight, policies tend to be elitist and unresponsive. Lastly, a comparative analysis by Brinkerhoff and Wetterberg (2016) concluded that the success of decentralization is not a panacea but is highly dependent on the socio-

political context, careful institutional design, and the existence of functioning accountability mechanisms. These five studies collectively affirm that the relationship between decentralization and service quality is complex, non-linear, and moderated by many factors.

However, a significant research gap still exists, especially in the context of post-conflict countries like Timor-Leste. Most existing research is macro-analytical or focuses on fiscal and administrative aspects, while studies that specifically use citizen perception and satisfaction as the primary indicator of policy effectiveness at the municipal level are still very rare. Therefore, the urgency of this research lies in three main pillars. First, the need to provide bottom-up empirical evidence regarding the real impact of decentralization for the people of Lautém. Second, by using the Community Satisfaction Index (CSI) as a measurement framework, this research will not only map the aggregate level of satisfaction but also identify the specific service dimensions (such as reliability, responsiveness, assurance, empathy, and tangibles) that are most influential, thereby providing sharper recommendations. Third, the results are expected to become evidence-based strategic input for the Lautém Municipal Government and the central government in designing more targeted policy interventions to deepen and accelerate public service reform.

2. METHOD

This study adopts a quantitative approach with a cross-sectional survey design, chosen for its ability to measure and analyze the perceptions, attitudes, and experiences of the community towards public services at a specific point in time. This design is considered the most efficient for capturing a comprehensive snapshot of community satisfaction conditions in the Lautém Municipality. The target population of the study is all heads of households (HH), totaling approximately 15,000 HH, spread across the entire municipality. The head of the household was chosen as the unit of analysis because they are considered the entity that most frequently and representatively interacts with the spectrum of basic government services for their household needs. From this population, a sample of 350 HH was determined using Slovin's formula, with a 95% confidence level and a 5% margin of error, ensuring the sample has adequate statistical power for generalization.

The sampling technique used was stratified random sampling, where the population was divided into three strata based on the main administrative districts (Lautém, Lospalos, and Tutuala). This step was crucial to ensure proportional representation from various geographical and demographic characteristics, including urban, semi-urban, and rural areas, thereby increasing the external validity of the research findings. The primary instrument for collecting primary data was a structured questionnaire developed through a careful process of adaptation and contextualization of the SERVQUAL model and tested national CSI guidelines. This process began with a focus group discussion (FGD) involving community leaders, citizen representatives, and local officials to ensure the relevance of each question item to the service reality in Lautém. Subsequently, the instrument was translated into the local language (Tetum) and underwent a back-translation process by an independent language expert to ensure semantic equivalence and conceptual validity. The final questionnaire consisted of two main parts: respondent demographic data and 14 question items measuring satisfaction perception towards services, grouped into the five quality dimensions (Tangibles, Reliability, Responsiveness, Assurance,

Empathy). Perception measurement used a 4-point Likert Scale (1 = Very Dissatisfied to 4 = Very Satisfied) to avoid central tendency bias. Before wide distribution, the instrument was pilot-tested on 30 respondents outside the main sample, where the results showed all items were valid (Pearson correlation $r > 0.3$) and had excellent internal reliability (Cronbach's Alpha = 0.88), indicating the instrument is consistent and reliable. The entire research process adhered to academic ethics, including obtaining informed consent, and guaranteeing the anonymity and confidentiality of respondent data.

Data analysis was conducted through a series of systematic stages to answer the research questions in-depth. The first stage was descriptive statistical analysis, which included calculating frequencies, means, and standard deviations to present the demographic profile of the respondents and provide a general overview of the satisfaction level for each service element. The second stage was the calculation of the Community Satisfaction Index (CSI), where the average score from each service element was converted to a 0-100 scale using a standard formula (Index Value = Weighted Average x 25). This CSI value was then interpreted based on established categories (<65 = Poor, 65-80 = Good, >80 = Very Good) to assess the performance of each service sector and overall performance. The third stage, which is the core of the analysis, was multiple linear regression analysis. This analysis was used to test the research hypotheses by modeling the relationship between the five service quality dimensions (as independent variables) and the overall satisfaction level (as the dependent variable) through the equation $Y = \alpha + \beta_1X_1 + \dots + \beta_5X_5 + \varepsilon$. Before conducting the regression, a series of classical assumption tests, including a normality test (Kolmogorov-Smirnov), multicollinearity test (Variance Inflation Factor/VIF), and heteroscedasticity test (Glejser test), were performed to ensure that the resulting model was not biased and was robust, so that the conclusions drawn have a strong statistical foundation.

3. RESULT AND DISCUSSION

This section presents an in-depth analysis and interpretation of the research findings, moving beyond the presentation of raw data to explore broader meanings and implications.

3.1 Respondent Demographic Profile

The demographic data of the sample, with a 97.7% response rate, provides a strong contextual foundation. The dominance of male respondents (65%) and those of productive age (72%) aligns with the socio-economic structure of Lautém. However, the most prominent and implication-laden variable is the education level: 58% of respondents only attended junior high school or lower. This figure is not just a statistic but a reality that shapes the dynamic of interaction between citizens and the state. A limited level of education creates a significant information and power asymmetry. Citizens may find it difficult to understand bureaucratic jargon, navigate complex procedures, or even feel unconfident in voicing complaints effectively. This condition fundamentally changes citizen expectations of officials. They not only expect efficiency but also guidance, patience, and ease of communication. This directly explains why the dimensions of Empathy and Responsiveness, which will be discussed further, become so crucial. Public officials, in this context, cannot just act as

administrators but must also function as facilitators and educators for the public they serve.

3.2 Comprehensive Analysis of the Community Satisfaction Index (CSI)

The combined CSI score of 76.5 (Good) might at first glance be interpreted as a moderate success for the decentralization policy. However, this aggregate value risks creating an illusion of satisfaction that masks highly uneven performance across service sectors. A detailed analysis reveals three different narratives.

Table 2. Community Satisfaction Index per Service Sector

Service Sector	CSI Score (Scale of 100)	Interpretation	Element with the Highest Score	Element with the Lowest Score
Population Administration	81.2	Very Good	Officer Courtesy (85.4)	Completion Time (74.1)
Basic Education	77.8	Good	Teacher Competence (82.5)	Facility Availability (70.2)
Health (Community Health Center)	70.5	Good	Medical Staff Empathy (75.9)	Medicine Availability (63.8)
Combined Average		76.5		Good

Source: Processed Primary Data, 2024

The data in Table 2 clearly shows a diverse performance narrative. While the combined average score is at a Good level, this number conceals a sharp disparity between sectors. Population administration services emerge as a success story, breaking into the Very Good category, while the education sector shows solid performance. However, the most critical issue is the health sector's performance, which is significantly below average, indicating serious structural challenges and requiring deeper analysis to uncover the root causes of the problems.

a. Population Administration (CSI: 81.2 - Very Good): A Success Story of Standardization

This sector is the star of the survey. Its high performance can be explained by the transactional and highly procedural nature of its services. A national bureaucratic modernization program emphasizing the standardization of forms, procedures, and partial digitalization seems to have been successfully adopted at the municipal level. This standardization reduces room for officer discretion, decreases uncertainty for citizens, and directly enhances perceptions of Reliability and Assurance. The highest score for Officer Courtesy (85.4) indicates that reforms have not only touched upon procedural aspects but have also succeeded in changing the front-line culture. However, the lowest score for Completion Time (74.1) signifies that while face-to-face interactions have improved, back-office processes remain a bottleneck. This suggests that decentralization may have succeeded in reforming the face of bureaucracy, but not yet its engine.

b. Basic Education (CSI: 77.8 - Good): The Paradox of Human Assets and Physical Deficits

The education sector presents a sharp paradox. The highest satisfaction is given to Teacher Competence (82.5), an extraordinary social asset. The community of Lautém holds a high level of trust and appreciation for its educators. This indicates that decentralization may have been successful in aspects of teacher management and placement. However, this satisfaction is overshadowed by a much lower score for Facility Availability (70.2). Complaints about damaged classrooms, lack of books, and poor sanitation are common. This gap between

high-quality human resources and low-quality infrastructure highlights a potential problem in fiscal decentralization. The municipality may have the authority to manage teachers but lacks the fiscal capacity or autonomy to make large capital investments in infrastructure. If unaddressed, this condition risks causing teacher demoralization and hindering student potential, creating a mismatch between human capital and its supporting facilities.

c. Health (CSI: 70.5 - Good): A Crisis Signal in a Vital Service

Although technically still in the Good category, the health sector's score is on the lower threshold and is the most worrying area. The absolute lowest score in the entire survey is for Medicine Availability (63.8), which falls into the Poor category. This is no longer just a matter of dissatisfaction but a fundamental functional failure. The absence of essential medicines delegitimizes the function of community health centers as primary healthcare providers. This finding provides strong empirical evidence for the concept of pseudo-decentralization proposed by Olowu and Wunsch (2016). Health service authority may have been transferred to the municipality, but it appears not to be matched with a strong support system, especially in terms of complex logistics and supply chains. This issue is likely systemic and requires better coordination between the central government (which may be responsible for large-scale drug procurement) and the municipality (responsible for distribution and inventory management). Ironically, amidst this systemic failure, Medical Staff Empathy (75.9) was rated relatively well, suggesting that health workers on the ground may be trying to do their best amidst severe systemic limitations.

Analysis of Satisfaction Determinants: Finding the Core of Public Service Multiple linear regression analysis allows us to dissect the DNA of public satisfaction in Lautém. The results conclusively show that the quality of service is not determined by the grandeur of buildings or the sophistication of equipment, but by the quality of human-to-human interaction.

Table 3. Results of Multiple Regression Analysis

Independent Variable	Beta Coefficient (β)	t-value	Significance (p-value)	Interpretation of Influence
(Constant)		2.15	0.032	
Physical Evidence (X1)	0.15	2.88	0.004	Significant, Moderate
Reliability (X2)	0.21	3.56	0.001	Significant, Strong
Responsiveness (X3)	0.35	5.92	<0.001	Significant, Very Strong
Assurance (X4)	0.18	3.11	0.002	Significant, Moderate
Empathy (X5)	0.25	4.17	<0.001	Significant, Strong
R-squared		0.68		

Source: Processed Primary Data, 2024

This strong regression model (R-squared = 0.68) confirms that all five service quality dimensions significantly affect satisfaction. However, the magnitude of the Beta coefficients reveals a clear hierarchy of influence:

a. Responsiveness (β = 0.35) and Empathy (β = 0.25): The Supremacy of Bureaucratic Software

These two dimensions collectively account for more than half of the total influence of all variables. This is the central finding of this study. In a society that may have a historical experience with a rigid, distant, and impersonal bureaucracy, simple acts like listening patiently, providing clear information, and showing a willingness to help have an overwhelmingly large impact. This finding strongly resonates with the demographic profile of the respondents. For

citizens with limited education, empathetic and responsive officials act as a bridge to overcome information asymmetry. They transform bureaucratic interactions from intimidating experiences into empowering ones.

b. Physical Evidence ($\beta = 0.15$): A Supporting, Not a Leading, Role

Although statistically significant, the influence of Tangibles is the weakest. This does not mean infrastructure is unimportant. However, it implies that community expectations may be more focused on basic functionality than luxury. A simple but clean health center building, with friendly staff and available medicine, will generate far higher satisfaction than a magnificent building with indifferent staff and an empty pharmacy.

c. Policy Implications

The dominance of these relational factors has radical resource allocation implications. It suggests that investments in human resource capacity development through soft skills training, performance management reform, and the cultivation of a service culture can provide a higher return on investment in the form of public satisfaction than investments focused solely on physical construction projects. This finding provides empirical justification for shifting the focus from merely building to serving, in line with the arguments of Sari and Nugroho (2020) about the crucial moment of truth in public service.

Overall, this discussion paints a complex and multifaceted picture of decentralization implementation in Lautém. On one hand, the achievement of a 'Very Good' score in administration services shows that when procedures are standardized and supported by the commitment of officials, decentralization can deliver real and satisfactory results. On the other hand, the lagging performance and fundamental problems in the health sector, especially related to medicine availability, serve as a stark reminder that the delegation of authority without strengthening systemic capacity particularly in logistics and finance risks creating functional failure. This finding underscores that the effectiveness of decentralization cannot be measured uniformly but must be assessed based on its ability to address the unique challenges in each sector.

This finding makes a significant empirical contribution to the literature on decentralization, especially in post-conflict country contexts. The dominance of responsiveness and empathy as the main predictors of satisfaction affirms the argument of Brinkerhoff & Wetterberg (2016) that public management reform is highly dependent on behavioral changes at the implementer level. Furthermore, the contrasting picture between success in the administrative sector and challenges in the health sector clearly illustrates the 'decentralization trap' warned of by Olowu & Wunsch (2016). Thus, the experience of Lautém shows that decentralization is not an end goal but a continuous process whose success is determined by a dynamic balance between local autonomy, central support, human resource capacity, and public participation. This analysis provides a strong foundation for formulating sharper and more contextual conclusions and policy recommendations.

4. CONCLUSION

Based on a comprehensive data analysis, this study concludes that the decentralization policy in the Lautém Municipality has shown effectiveness at a Good level, with a combined CSI score of 76.5. This indicates positive progress felt by the citizens. However, this conclusion must be qualified by two important findings. First,

this effectiveness is not uniform across all service sectors. There is a significant performance gap, where population administration services have reached a Very Good level, while health services are significantly lagging and require urgent attention. Second, the main drivers of community satisfaction are not physical or infrastructural aspects, but rather relational and interpersonal quality dimensions, namely the responsiveness, empathy, and reliability of officials. This implies that the essence of decentralization's success ultimately depends heavily on the capacity, professionalism, and quality of the human resources on the front lines of service.

Based on the research findings, several strategic and operational recommendations are proposed:

a. For the Lautém Municipal Government

The Lautém Municipal Government is recommended to immediately prioritize the health sector by conducting a thorough audit of the logistics and drug inventory management system, as well as allocating a budget to address medicine availability issues and gradually improve facilities. Concurrently, a significant investment in human resource capacity is crucial, namely by developing and implementing a continuous training program focused on soft skills (communication, complaint management, empathy) for all officials, and making participation in this training an integral part of individual performance assessment to foster a culture of service excellence.

b. For the Central Government

The Central Government of Timor-Leste is advised to review and reform the mechanisms for fiscal transfers and logistical support to regions, to ensure that supply chains, especially for the vital health sector, become more reliable and responsive to the real needs at the municipal level. Furthermore, the central government needs to strengthen managerial capacity at the local level by increasing support in the form of technical assistance and mentoring programs for municipal leaders, particularly in the areas of strategic planning, financial management, and public service oversight, to guarantee the effective implementation of decentralization.

c. For Future Researchers

For future researchers, it is recommended to deepen the analysis by using a mixed-methods approach, adding qualitative components such as in-depth interviews or case studies to explore the substantive reasons behind satisfaction perceptions on specific aspects. Additionally, conducting a longitudinal study that tracks changes in the Community Satisfaction Index (CSI) over time would be very beneficial for evaluating the long-term impact of improvement policies implemented based on these research findings, thus providing a more dynamic understanding of the evolution of decentralization effectiveness.

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