Journal of Law and Administrative Sciences
No.25/2026

THE IMPACT OF TOTAL QUALITY MANAGEMENT ON THE PERFORMANCE OF PUBLIC UTILITY COMPANIES AND CUSTOMER SATISFACTION: EVIDENCE FROM SERBIA

Associate Professor Snežana MAKSIMOVIĆ,
University MB, Faculty of Business and Law, Belgrade, (Serbia)
galena.mcl@gmail.com
ORCID ID: 0000-0001-9928-1292

Associate Professor Vesela VLAŠKOVIĆ,
University MB, Faculty of Business and Law, Belgrade, (Serbia)
veselacurkovic@yahoo.com
ORCID ID:0000-0002-6573-1600

DOI: 10.51865/JOLAS.2026.25.10

Abstract:
This paper examines the impact of Total Quality Management (TQM) on the performance of public utility companies and citizen satisfaction with communal services in Serbia. Quality management in public administration is understood as a systemic approach aimed at continuous improvement of processes, efficiency, and accountability, with citizen satisfaction as the central indicator of organizational performance. While the transfer of private sector quality management practices to public administration is often debated, evidence suggests that utilities operating under market-like conditions, such as water supply, district heating, and waste management, are particularly suited for the implementation of TQM principles. The empirical analysis is based on Standing Conference of Towns and Municipalities (SCTM) surveys from 2019 and 2023 and indicates an increase in satisfaction with certain communal services, such as water supply and public safety, while dissatisfaction remains pronounced in areas such as transport and parking. The findings indicate that the integration of TQM principles with European instruments such as the Common Assessment Framework (CAF) can strengthen institutional capacities, enhance transparency, and foster citizen trust. The authors believe that this article will contribute to the academic and policy debate on how modern quality management approaches can enhance the efficiency, accountability, and legitimacy of public utilities in Serbia.
Keywords: *Total Quality Management (TQM); Public utilities; Citizen satisfaction; Communal services; Serbia.*

Introduction

In the contemporary context of globalization, digital transformation, and growing citizen expectations, public administrations worldwide face the challenge of increasing efficiency, quality, and transparency, while at the same time preserving legitimacy and public trust. These demands are particularly evident in the area of communal services,

where the performance of public utility companies directly affects citizens' everyday lives and the quality of their living environment. For this reason, in recent decades, the introduction and implementation of quality management systems (QMS) in the public sector has gained increasing importance, aiming to ensure the continuity, reliability, and sustainability of services, while simultaneously strengthening citizen satisfaction.

Total Quality Management (TQM) represents one of the key instruments of this approach, as it rests on the assumption that quality is the outcome of systemic and integrated efforts of all employees and organizational processes. The foundations of TQM lie in principles such as prevention rather than correction, continuous improvement of processes, fact-based decision-making, teamwork, and long-term orientation in management decisions. In this sense, TQM is not merely a set of techniques for process improvement, but a transformation of organizational culture that places citizens as end-users at the center of public administration.

However, practice in Serbia demonstrates that public utility companies, despite their strategic importance, often achieve modest results. Their monopolistic position and political pressures to maintain socially acceptable service prices jeopardize long-term business sustainability. The non-profitability of these systems requires continuous budget subsidies, which burden the fiscal deficit and increase the country's external debt. Under such circumstances, improving service quality and strengthening user satisfaction is not only a matter of managerial efficiency but also a crucial factor of economic stability and social sustainability.

Against this background, this paper focuses on the analysis of citizen satisfaction with communal services in Serbia, relying on data and surveys conducted by the Standing Conference of Towns and Municipalities (SCTM) in 2019 and 2023 [30] [31]. The research objective is to examine the extent to which the application of quality management principles influences citizens' perceptions of service quality, as well as to identify the main obstacles and opportunities for improving the performance of public utility companies. Special attention is given to the potential integration of TQM principles with European quality instruments, such as the Common Assessment Framework (CAF), with the aim of strengthening institutional capacities and enhancing citizen trust in public administration. In this way, the research seeks to contribute to a deeper understanding of how modern

quality management approaches can support more efficient, transparent, and citizen-oriented public utilities in Serbia.

Theoretical Background and Legal Framework in Serbia

Quality management in public administration has evolved through several stages, beginning with a focus on compliance with established norms and procedures, progressing toward effectiveness in service delivery, and finally reaching the stage in which the satisfaction of citizens is considered the central criterion of quality [24] [25]. This progression reflects a broader shift from a bureaucratic and process-oriented understanding of quality toward a results-oriented and citizen-centered perspective.

The application of Total Quality Management (TQM) in the public sector has raised debates regarding its feasibility, since many experts argue that direct transfer of private sector practices into public administration is limited due to different institutional environments, accountability structures, and political influences [11][5]. Nonetheless, research indicates that TQM and business-oriented quality systems achieve the best results in public enterprises that operate under market conditions, such as utilities providing water supply, district heating, waste management, or transport services [8][27]. In these organizations, the logic of efficiency, cost-effectiveness, and customer orientation is directly applicable, while central-level administrations and ministries, more strongly driven by political considerations, face significant barriers to adopting and sustaining quality management principles.

Despite these differences, public and private organizations share the same imperative of continuous improvement, particularly in enhancing service provision and overall organizational performance. Quality management is therefore seen as a systemic approach whose primary objective is the constant upgrading of processes and organizational systems, through the continuous creation of value for citizens in line with the principle of excellence [17]. The integration of quality management systems with organizational strategies and plans is thus regarded as an essential element of a comprehensive and holistic approach to governance.

The adoption of quality management systems in public administration is grounded in the recognition that citizen satisfaction must represent the ultimate measure

of organizational performance. By emphasizing the user-oriented dimension of governance, public administrations have gradually moved away from purely bureaucratic compliance toward the continuous improvement of services. Quality in this context is a dynamic category, constantly evolving in line with the expectations of citizens and the broader requirements of governance reform. Decision-makers in municipal and utility companies are thus expected to anticipate resistance to change, manage organizational transformation, and create the conditions for transparency, accountability, and improved efficiency [4] [25].

Within this framework, ISO standards, particularly ISO 9001 represent codified management process standards that prescribe how organizational activities should be carried out. Unlike product standards, which enable compatibility or connectivity [3] process standards such as ISO 9001, ISO 14001, or ISO 50001 define legitimate and structured methods of performing work [32][28][15]. In public utilities, these standards provide written procedures, clear responsibilities, and a documented basis for decision-making, thereby reducing operational errors and increasing service reliability [14].

The economics of innovation perspective suggests that the adoption of such standards can be explained through a cost-benefit rationale. Early adopters tend to be economically motivated, often customizing standards to fit their organizational environments, thereby reaping greater benefits. In contrast, late adopters are frequently driven by external pressures, such as demands from customers or regulatory bodies, and tend to implement standards with little customization, yielding fewer advantages [36][2][10]. In both cases, however, research demonstrates that the benefits of ISO certification, including improved efficiency, reduced losses, and enhanced customer trust, generally outweigh the costs [13][37].

From an institutional perspective, quality standards are best understood as norms rather than laws. They lack formal legal force but nevertheless exert significant influence on how organizations structure and legitimize their activities [29]. In this sense, ISO 9001 is classified as a private-decentralized standard, whose adoption spreads through normative and mimetic pressures rather than through legal mandates [32]. For Serbian public utilities, however, the diffusion of such standards is reinforced by both normative and legal frameworks. The Law on Public Services and the Law on Public Enterprises

require regularity, continuity, and quality in the delivery of services of general interest, while the Public Administration Reform Strategy 2021-2030 [22], emphasizes citizen orientation, efficiency, and alignment with European quality management principles such as the Common Assessment Framework (CAF).

In practice, the introduction of TQM and ISO standards in Serbian public utilities highlights both opportunities and challenges. On the one hand, the codification of processes, internal audits, and management reviews provide mechanisms for continuous improvement and enhanced citizen satisfaction. On the other hand, the implementation process often encounters obstacles in the form of politicization, resistance from entrenched bureaucratic structures, and practices of political appointments. These challenges underscore the need for a new organizational culture in which efficiency, transparency, and responsiveness to citizens are prioritized [14]. In this respect, TQM in utilities such as water supply, heating, and waste management represents not only a managerial tool for improving performance but also a means of strengthening legitimacy and public trust in local governance.

In the Serbian context, this theoretical background is complemented by a specific legislative framework. The Law on Public Services (Official Gazette RS, no. 42/91 and subsequent amendments) establishes the obligation that services be delivered regularly and with quality in order to safeguard citizens' rights and meet their needs. Similarly, the Law on Public Enterprises [21] obliges enterprises to ensure the continuity and efficiency of services of general interest. At the strategic level, the Public Administration Reform Strategy of the Republic of Serbia 2021-2030 places quality management [22], citizen orientation, and efficiency at the center of the reform agenda, explicitly aligning national practices with EU principles such as the Common Assessment Framework (CAF) and the SIGMA standards.This theoretical and legislative basis underlines the importance of exploring how Total Quality Management contributes to both organizational performance and citizen satisfaction, particularly within public utility companies, where efficiency indicators such as loss reduction, collection rates, and reliability of services are directly tied to the quality of life of end users.

Research Methodology

The research is focused on citizens' perceptions of the quality of communal and local services in local self-governments (LSGs) in Serbia. The starting point is the obligation from Article 13 of the Law on Communal Activities, which stipulates that the assembly of an LSG must ensure continuous feedback from users on the quality of communal services. In this way, citizen satisfaction is positioned not only as a tool for improving communication between citizens and service providers but also as a basis for planning service development, allocating resources, and ensuring the sustainability of the communal services system. The analysis of citizen satisfaction with communal services is observed through the lens of the quality management system (QMS) principles. QMS is based on the management of business processes with the aim of achieving the satisfaction of both external users, citizens, and internal users employees and management within public enterprises. In this regard, Total Quality Management (TQM) emphasizes preventive actions rather than reliance on corrective activities, reducing variation in operations to improve service consistency, commitment of all employees (especially senior management), continuous improvement of all aspects of operations, teamwork and problem-solving, as well as decision-making oriented toward long-term benefits rather than short-term expediency.

The empirical part of the research relies on the results of the *Citizen Satisfaction Survey on Local Services* conducted by the Standing Conference of Towns and Municipalities (SCTM) in 2019 and 2023 [30] [3]. In addition, qualitative insights from the SCTM 2023 [32] National Report were considered, offering more detailed explanations of citizens' perceptions. The application of Total Quality Management (TQM) principles in public utility companies allows the results of citizen satisfaction surveys such as the SCTM data from 2019 and 2023 to be interpreted not only as indicators of citizens' perceptions but also as guidelines for improving business processes in line with quality management standards [30][31].

The results show that citizens are more satisfied with water supply and sewage services, while in the area of transport there is almost an equal share of satisfied and dissatisfied respondents. Parking availability remains a significant issue, with 45% dissatisfied, while one-third of citizens are not satisfied with the cleanliness of their living

environment [31]. On the other hand, higher levels of satisfaction are recorded for the availability of shopping facilities (69%) and markets (56%), although a portion of citizens expressed indifference in these areas [31].

The data are analyzed comparatively for the years 2019 and 2023, with changes in perceptions expressed in percentage points. The results are presented in **Figure 1,** with the aim of identifying the areas where citizen satisfaction has increased, stagnated, or decreased. The research is focused on providing descriptive and analytical insights into how citizens perceive the quality of services in their LSGs and how these changes can serve as a basis for strengthening quality management systems in communal enterprises. Figure 1 shows a comparative overview of citizen satisfaction with selected local services in Serbia for 2019 and 2023, indicating visible improvements in most service areas, particularly in water supply, education, and public safety.

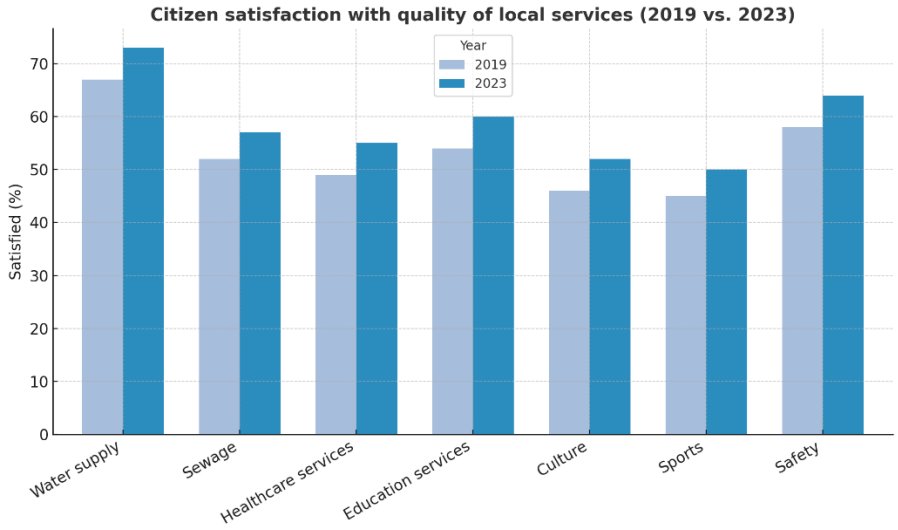

Figure 1. Citizen satisfaction with quality of local services in Serbia (2019 vs. 2023). Source: Standing Conference of Towns and Municipalities (2019; 2023) surveys [30][31], author's elaboration.

In 2023, citizen satisfaction with local services increased across all observed areas compared to 2019. The largest improvements were recorded in water supply, healthcare, education, culture, and safety (+6 percentage points) [30][31], while sewage and sports showed slightly smaller but still significant growth (+5 percentage points). These results indicate gradual progress in the quality of public and communal services,

with the most visible improvements in key infrastructure and social services directly affecting citizens' everyday life.

The purpose of assessing user satisfaction is to ensure that communal services are as closely aligned as possible with the needs and expectations of users, thereby contributing to the adjustment of the work of public utility companies (PUCs) and the quality of services to concrete demands, in accordance with available material, administrative, and human resources. At the same time, the assessment emphasizes the responsibility of PUCs for the quality of services and the respect of users' rights and needs.

For users, on the other hand, the assessment should provide better information about their rights and obligations. In this sense, the assessment of satisfaction contributes to improving communication between PUCs and the users of communal services, increasing transparency, and enhancing the processes of planning and developing PUCs and the system of communal service delivery. The assessment of user satisfaction should also improve communication between citizens and service providers by enabling citizens to better understand the system of communal service provision and its importance for the quality of their everyday life, environmental protection, and the sustainable development of local communities, as well as to increase their involvement and, consequently, their willingness to pay a certain price for communal services. In addition, the assessment should serve as a basis for service development planning and resource allocation, investment planning, and human resource management.

Discussion and Recommendations

Quality in public services is increasingly recognized as a multidimensional concept that encompasses both the quality of organizational processes and the quality of delivered services [9]. Measuring quality in public organizations is particularly complex, yet the adoption of mechanisms such as Customer Satisfaction Management (CSM) and ISO 9000 standards has been promoted as a rational approach to improving performance and ensuring greater accountability [6]. In this framework, citizen satisfaction becomes not only an indicator of service outcomes, but also a reflection of the organization's commitment to quality improvement.

In the context of Serbian public utilities, the Law on Communal Activities [20] establishes a legal obligation for local self-governments to regularly measure user satisfaction with communal services (Article 13). This provision links the concept of service quality with citizen participation and transparency. However, it also raises several methodological and practical challenges. For example, satisfaction with communal services may vary depending on the season or the intensity of use: heating services should be evaluated during the heating season, while the quality of water supply is most relevant in the summer months. Furthermore, the law recognizes 15 different communal activities, which makes it impractical to cover all services in a single survey without overburdening respondents and reducing response rates [19].

Another significant issue concerns the legal requirement that, if the majority of users express dissatisfaction with a specific communal service, the local self-government must initiate a review of the service provider's performance and order corrective measures within 90 days. While this regulation strengthens user participation, promotes independent control, and increases transparency, in practice it is difficult to secure the participation of a majority of service users in any survey. Additionally, user feedback is inherently subjective and may not always reflect the actual technical quality of the service. Therefore, the methodology of citizen satisfaction surveys must rely on statistically representative samples rather than universal participation, balancing methodological rigor with feasibility [31].

Overall, citizen satisfaction surveys represent a new practice for Serbian communal enterprises. They not only introduce citizens into the decision-making process but also create opportunities for public utilities to adopt modern quality management approaches, improve communication with users, and strengthen organizational accountability in line with the principles of Total Quality Management (TQM).

Research findings indicate that citizens are often not fully aware of the responsibilities and activities of public utility companies [31], which may influence their attitudes toward surveys and their willingness to participate in evaluations. This highlights the need for more proactive communication and the provision of continuous and accessible information regarding the purpose, scope, and objectives of citizen satisfaction surveys [25]. It is particularly important that the approach is open, transparent, and

citizen-oriented, since the very nature of these surveys involves questions and clarifications from users [34].

A recurring problem in the perception of public utilities is their frequent association with political structures, which fosters negative attitudes among citizens and may reduce the objectivity of survey responses [4]. For this reason, ensuring impartiality and neutrality during the implementation of surveys is essential. Enumerators and survey staff should not be individuals previously involved in political campaigns or party activities, as such associations may further undermine user trust and lead to perceptions that the survey is politically motivated [31].

Given that the measurement of satisfaction with communal services largely reflects subjective opinions that may not always be grounded in verifiable evidence [1], it is crucial to secure respondents' trust in the anonymity and confidentiality of the process. Encouraging citizens to freely express both positive and negative views contributes to the collection of more representative and reliable data. This fosters a new relationship between service users and providers, one that emphasizes two-way communication, transparency, and trust [23].

When properly designed and implemented, satisfaction surveys can provide valuable information for improving the quality of services [30] [31]. However, to maximize their impact, equal attention must be devoted to the preparation phase (organization, training, and staff capacity) and the actual survey implementation. This ensures that the results do not remain merely declarative but instead serve as a foundation for real improvements in the quality and efficiency of communal services.

Based on the conducted research [30] [31] and the review of relevant literature, the evidence suggests that the implementation of a certified quality management system exerts a long-term positive impact on organizational performance, primarily through qualitative changes in the structural elements of management [2][10].The very decision to introduce a quality management system represents a significant organizational shift, which also has a psychological effect on improving performance. Such changes enable organizations, including public utilities, to better take advantage of opportunities created by the regional and macroeconomic environment. However, quantifying the positive influence of certified quality management systems on one side, and macroeconomic

stability on the other, is not a simple task, since the achieved results often reflect the synergy of these two factors alongside a variety of additional influences [36]. Ultimately, the essence of quality management lies in the philosophical approach that performance is not something to be expected, but something to be actively managed [17].

In this context, the CAF model (Common Assessment Framework**)** emerges as one of the most important European instruments for promoting excellence in public administration. By setting common assessment criteria and a unified methodology, CAF provides a tool for comparability, transparency, and continuous improvement [7].

In Serbia, its implementation has only recently begun, supported by the Ministry of Public Administration and Local Self-Government and the EU-funded Public Administration Reform project [31] [14]. The Public Administration Reform Strategy (2021-2030) obliges the Government to introduce CAF in ten institutions by 2025, which demonstrates a clear commitment to strengthening institutional capacity for quality management [22]. Nevertheless, the success of CAF in Serbia will depend on its ability to move beyond formal adoption and to become an integral part of the culture of public administration and public utilities at both the central and local levels.

The analysis further indicates that local public utilities often adopt quality and sustainability management practices as internally oriented initiatives, without sufficient cooperation across levels of government or active involvement of stakeholders [9]. This undermines the potential benefits of such reforms and reflects the persistent gap between formal frameworks and their practical application. Literature suggests that such challenges stem from the complexity of applying private-sector management tools in public organizations [16], resistance from employees, insufficient management capability, and a lack of systematic human resource development [12] [26]. Furthermore, the absence of meaningful stakeholder involvement reduces the legitimacy of reforms and weakens corporate governance practices in LPUs, contrary to OECD guidelines [18].

Therefore, the sustainability of quality management reforms in Serbia requires a stronger focus on participatory mechanisms that ensure citizens' feedback is systematically translated into concrete service improvements [1] [31]. At the same time, continuous investment in the training and development of human resources is necessary to reduce resistance, raise awareness of standards, and strengthen organizational

capacities. The neutrality and transparency of citizen satisfaction surveys also need to be ensured, so that trust in the process is maintained and data collected are both credible and useful [23]. Extending the CAF methodology to local public utilities could create a more coherent quality management framework across sectors, while embedding good corporate governance practices would allow boards of directors in public utilities to balance the claims of all relevant stakeholders [38]. In conclusion, Serbia has made important progress in aligning its public administration with European standards of quality management. However, the next stage requires moving from formal compliance to genuine integration of quality principles into everyday practice. Only by building institutional capacity, fostering transparency, and ensuring stakeholder involvement can quality management systems in public utilities deliver lasting improvements in efficiency, accountability, and citizen satisfaction.

Conclusion

The ongoing alignment of national administrations with European and international practices has placed quality management at the very center of modern public sector reforms. The application of this concept enables public organizations to operate more rationally, improve service delivery, adopt strategic planning approaches, and implement structural reforms. Within this framework, the modern concept of management in the public sector emphasizes the introduction, continuous implementation, and improvement of quality management systems as a fundamental precondition for ensuring efficiency, accountability, and responsiveness at all levels of government.

A particularly important role within this paradigm belongs to Total Quality Management (TQM), which provides multiple benefits for public sector organizations. At the organizational level, TQM contributes to a clearer definition of development vision, better distribution of responsibilities, evidence-based decision-making, and stronger internal communication. At the level of users and society, the benefits are reflected in more reliable and accessible services, higher employee satisfaction, improved return on investment, stronger supplier partnerships, and compliance with legal and regulatory requirements. In this context, user satisfaction emerges as a central indicator of organizational performance and accountability. Quality management is not only about

meeting expectations but about exceeding them, generating loyalty and long-term value for citizens, regardless of whether the outcome is reflected in financial indicators or in the broader societal impact of public services.

The implementation of a quality management system in public administration includes organizational structures, procedures, processes, and resources designed to prevent non-compliance and to promote continuous improvement. In Serbia, important progress has been achieved in recent years through the development of evidence-based policy frameworks and the adoption of the CAF model (Common Assessment Framework**)** as a European tool for quality management. CAF has been recognized as a practical and accessible methodology that encourages self-assessment, improves daily work processes, and strengthens teamwork. Its systematic introduction, as foreseen in the Public Administration Reform Strategy (2021-2030), represents a step forward in building a modern and accountable public administration [22].

However, quality improvement is not an isolated or purely technical process. It requires the active involvement of employees, the support of decision-makers, and above all, the engagement of citizens and other stakeholders. The concept of stakeholder engagement, which has evolved globally into a recognized professional discipline, highlights the need for participatory processes that move beyond the traditional “announce and defend” approach to a “debate and decide” paradigm. As articulated in the Brisbane Declaration on Community Engagement (2005), transparent and accountable governance is inconceivable without active and meaningful dialogue with citizens [33].

For Serbia, this means that the sustainability of reforms in local public utilities and public administration depends on three interconnected factors: the institutionalization of quality management systems, the genuine application of tools such as CAF, and the systematic inclusion of citizens and stakeholders in decision-making processes. Only through this integrated approach can public administration achieve long-term improvements in efficiency, transparency, and citizen trust, thereby aligning itself with European standards of good governance and ensuring sustainable development at the local and national levels.

References:

1] Bouckaert, G., & Van de Walle, S. (2003). Comparing measures of citizen trust and user satisfaction as indicators of 'good governance': Difficulties in linking trust and satisfaction indicators. *International Review of Administrative Sciences, 69(3), 329–343*.

[2] Buttle, F. (1997). ISO 9000: Marketing motivations and benefits. *International Journal of Quality & Reliability Management, 14(9), 936–947*.

[3] David, P. A., & Greenstein, S. (1990). The economics of compatibility standards: An introduction to recent research. *Economics of Innovation and New Technology, 1(1–2), 3–41.*

[4] *Đulabić, V. (2002). Reforma upravnog sistema i novi javni menadžment. Hrvatska i komparativna javna uprava, 2(2), 471–486.*

[5] Dunleavy, P., & Hood, C. (1994). From old public administration to new public management. . *Public Money & Management, 14(3), 9–16*.

[6] Enticott, G., & Walker, R. M. (2008). Sustainability, performance and organizational strategy: An empirical analysis of public organizations. *Business Strategy and the Environment, 17, 79–92.*

[7] *EUPAN. (2020). CAF 2020: The Common Assessment Framework for better results in public sector organisations. European Institute of Public Administration. .* Retrieved from https://www.eupan.eu.

[8] *Ferlie, E., Ashburner, L., Fitzgerald, L., & Pettigrew, A. (1996). The new public management in action. Oxford University Press.*

[9] Gnan, L., Hinna, A., Monteduro, F., & Scarozza, D. (2013). Corporate governance and management practices: Stakeholder involvement, quality and sustainability tools adoption: Evidence in local public utilities. *Journal of Management and Governance, 17(4).*

[10] Gotzamani, K. D. (2005). The implications of the new ISO 9000:2000 standards for certified organizations: A review of anticipated benefits and implementation pitfalls. . *International Journal of Productivity and Performance Management, 54(8), 645–657*.

[11] Hood, C. (1991). A public management for all seasons? Public Administration, 69(1), 3–19.

[12] Hyde, A. (1992). The Proverbs of Total Quality Management: Recharting the path to quality improvement in the public sector. *Public Productivity & Management Review, 16(1), 25–37.*

[13] Leung, H. K. N., Chan, K. C. C., & Lee, T. Y. (1999). Costs and benefits of ISO 9000 series: A practical study. *International Journal of Quality & Reliability Management, 16(7), 675–690.*

[14] Maksimović,S., Kreiw, R., Mijačić,D.(2025) The Concept of Quality Management in Public Administration:Experiences from Serbia and recommendations for Libya, . *MB University International Review - MBUIR 2025. Vol. 3. No. 1. 24-38.*

[15] Melnyk, S. A., Ritchie, B., Stark, J. B., & Heavey, C. (2023). Quality management in a digital age. *Journal of Operations Management, 71(3), 1–14*.

[16] *Murray, C. (2004). Designing quality into public services. Routledge.*

[17] *Oakland, J. S. (2014). Total Quality Management and Operational Excellence: Text with Cases (4th ed.). Routledge.*

[18]*OECD. (2005). OECD guidelines on corporate governance of state-owned enterprises.* Paris: OECD Publishing. https://doi.org/10.1787/9789264015985-en.

[19]Official Gazette RS. (94/2024), *Law on Communal Activities, Republic of Serbia.*

[20] Official Gazette RS. (83/2014). *Law on Public Services. Republic of Serbia.*

[21] Official Gazette RS. (No. 15/16, 88/2019). *Law on Public Enterprises. Republic of Serbia*

[22] Official Gazette RS. (No. 93/2021). *Public Administration Reform Strategy of the Republic of Serbia 2021–2030. Official Gazette RS, No. 93/21.*

[23] Osborne, S. P., Radnor, Z., & Nasi, G. (2013). A new theory for public service management? Toward a (public) service-dominant approach. . *American Review of Public Administration, 43(2), 135–158.*

[24] *Osborne, D., & Gaebler, T. (1992). Reinventing government: How the entrepreneurial spirit is transforming the public sector. .* Addison-Wesley.

[25]*Pollitt, C., & Bouckaert, G. (2017). Public management reform: A comparative analysis – into the age of austerity .* (4th ed). Oxford University Press.

[26] *Poole, M. S., Van de Ven, A. H., Dooley, K., & Holmes, M. E. (2001). Organizational change and innovation processes: Theory and methods for research.* Oxford University Press.

[27] *Radnor, Z., & Osborne, S. P. (2013). Lean: A failed theory for public services? Public Management Review, 15(2), 265–287.*

[28] Ritchie, B., Melnyk, S. A., & Heavey, C. (2019). Quality management: Origins, development, and impact.*Journal of Operations Management, 65(2), 1–15*.
[29] Scott, W. R. (2001). Institutions and organizations (2nd ed.). SAGE Publications.
[30] *Standing Conference of Towns and Municipalities (SCTM). (2019). Citizen satisfaction survey on local services 2019: National report. Belgrade: SCTM.*
[31] *Standing Conference of Towns and Municipalities (SCTM). (2023). Citizen satisfaction survey on local services 2023: National report. Belgrade: SCTM.*
[32] Terlaak, A. (2007). Order without law? The role of certified management standards in shaping socially desirable firm behaviors. . *Academy of Management Review, 32(3), 968–985.*
[33] *United Nations, & Government of Queensland. (2005, August). The Brisbane Declaration on Community Engagement. In Conference on Engaging Communities, Brisbane, Australia.* Retrieved from https://www.lgp.qld.gov.au.
[34] *Van Dooren, W., Bouckaert, G., & Halligan, J. (2015). Performance management in the public sector (2nd ed.). Routledge.*
[35] Westphal, J. D., Gulati, R., & Shortell, S. M. (1997). Customization or conformity? An institutional and network perspective on the content and consequences of TQM adoption. . *Administrative Science Quarterly, 42(2), 366–394*.
[36] Westphal, J. D., Gulati, R., & Shortell, S. M. (1997). Customization or conformity? An institutional and network perspective on the content and consequences of TQM adoption. . *Administrative Science Quarterly, 42(2), 366–394*.
[37] Wilson, M., Walsh, P., & Needy, K. L. (2003). An examination of the economic benefits of ISO 9000 certification in U.S. manufacturing firms. ž. *Engineering Management Journal, 15(4), 26–32.*
[38] *Zollinger, P. (2009). Stakeholder involvement in corporate governance: Balancing stakeholder interests. OECD Publishing.*