Crisis Governance or Political Pressure? Rethinking the Role of Municipally Owned Corporations in Public Service Delivery

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Abstract: As a specific type of publicly owned company, municipally owned corporations (MOCs) play a fundamental role in the provision of local public services. The operation of MOCs is subject to complex effects. In particular, political influences affect their establishment, financing and management selection. At the same time, however, they operate as profit-oriented private companies; consequently, their activities are also influenced by economic incentives. The interplay of these factors directly impacts the provision of public services under the responsibility of MOCs.

Recent crises, such as the pandemic and the energy crisis, have brought additional focus to the phenomenon of MOCs, as maintaining their functions has become even more crucial during economic recessions. Our research hypothesis is that MOC operations are subject to even greater political influence in times of crisis than in ordinary times, which jeopardises the fulfilment of their public tasks and goes against the interests of the local community. This risk is particularly evident in countries where democratic control of the political regime is inadequate (such as Hungary), leading to political decisions at central and local levels that undermine the normal operation of the market economy and the social considerations behind the regulation of public service provision.

The study is based on comparative legal and public management research, using qualitative and partly quantitative methods. The findings are derived from a statistical analysis of MOCs based on relevant data on the companies' strategic decisions, ownership and finances. Our method also includes primary analysis of the relevant regulatory context at local, national and EU levels. Geographically, the research focuses on post-socialist EU member states, specifically the Czech Republic, Hungary, Poland and Slovakia. The analysis focuses primarily on MOCs operating within the local public transport and public utility sectors.