

MARKET MANAGEMENT CHANGE PROCESS FROM PUBLIC TO PRIVATE: A CASE STUDY IN COTACACHI, ECUADOR

Tatiana K. SALTOS-ECHEVERRÍA

Facultad de Ingeniería en Ciencias Aplicadas, Universidad Técnica del Norte, Ecuador
tatyanasaltos@gmail.com

Ana C. UMAQUINGA-CRIOLLO

Facultad de Ingeniería en Ciencias Aplicadas, Universidad Técnica del Norte, Ecuador
acumaquina@utn.edu.ec

Irving REASCOS

Facultad de Ingeniería en Ciencias Aplicadas, Universidad Técnica del Norte, Ecuador
imreascos@utn.edu.ec

Abstract

In modern municipal administrations, it is essential to involve social actors in decisions related to public service. Considering that few models of citizen participatory processes exist, this article aims to describe the process used by market administrators and municipal authorities to change the management model from a public market to a private market. Following Yin's suggestions, we used the qualitative case study method in four stages: study planning, data collection (interviews and documentation), data analysis, and presentation of results. The product we obtained is a framework that describes the participatory process used to change the management model of the market from public to private. The conclusions we reached for the market management change process to be successful were that political will on the part of the authorities, empowerment of civil society in decision-making, and the leadership of a woman belonging to the market are necessary.

Keywords: Management model; participatory process; citizen participation; participatory democracy.

1 INTRODUCTION

Municipalities as local self-government entities are the closest institutions to the population, promote economic and social development, improve public services, and strengthen democratic governance (Orellana et al., 2012). The participation of local government in the daily provision of public services requires special attention in the direction of the performance of these services (Beerl et al., 2019).

There are several management models for transforming public management aimed at making public actions transparent and recognizing social actors as relevant entities in the policy formulation process, among them, is the New Public Administration (NPA), which emerged in the 1980s and 1990s and

encouraged cities to privatize basic services to rationalize and promote profitability (Kjaer, 2009). This model focuses on searching for and incorporating efficiency, effectiveness, and cost reduction techniques, prioritizing the quality of services provided, and granting citizens choices of service providers through interagency competition, accountability, and transparency (Carneiro & Menicucci, 2013).

Privatization is uncommon in small local governments because of higher transaction costs (Petkovšek et al., 2021). Public-private sector partnerships in local service delivery typically pursue higher service quality, cost savings, and risk sharing between the city and the private sector (Peterson & Hughes, 2017).

According to the literature review conducted in the study by (Bel & Warner, 2016), there are six groups of factors that influence the decision to determine a management mechanism or model for the delivery of services, including costs, economies of scale, efficiency, economic-political, economic-institutional-social, and other economic factors, such as fiscal conditions, poverty problems, quality, among others.

Another management model is co-production, which Ostrom defines as "the process by which the inputs are used to provide a good or service provided by people who do not belong to the same organization" (Ostrom, 1996). While (Bovaird, 2007) defines the user-community co-production model as the supply of services through regular, long-term relationships between professionalized service providers (in any sector) and service users or other community members, where all parties make substantial contributions to the resource.

Intermunicipal Cooperation (IMC), a widespread modality in Europe and the United States (Bel & Warner, 2016), is another mechanism to provide public services. IMC is incorporated to obtain size-related efficiency gains (Teles, 2016), (Hulst & Van Montfort, 2007). Indeed, cost reduction motivates cooperation (Kwon & Feiock, 2010) (Bel & Warner, 2016). Local governments can partner with the private sector to form a new entity, using the legal figure of a mixed economy company. In this figure, local governments hold most of the shares (Ferreira da Cruz & Cunha Marques, 2011).

In Ecuador, the Decentralized Autonomous Governments (GAD), according to the Organic Code of Territorial Organization, Autonomy, and Decentralization, are institutions with political, administrative, and financial autonomy, which are responsible for the provision and administration of public services, including slaughterhouses, marketplaces, and cemeteries (del Ecuador, 2010). They can adopt a management model that allows them to improve public management and the decentralization and deconcentrating processes reinforcement focused on seeking efficiency, economy, and quality of public service (Arango Morales et al., 2013).

In addition to defining the management model that best suits the needs of local governments, in certain municipalities, as in the case of Cotacachi, citizens are involved in decision-making on the distribution of

public funds and the design of public policies to improve the provision of public services, which empowers citizens and deepens democracy (Speer, 2012).

The municipality of Cotacachi, according to the Constitution of Ecuador, is an autonomous public institution, governed by the Municipal Council, the highest administrative authority. Cotacachi, located 100 kilometers north of Quito, the capital of Ecuador, is the largest canton in the province of Imbabura. With a total population of 43,792 inhabitants (Delgado Noboa, 2021).

Cotacachi implemented a civic participation policy during the 1996-2009 period through the Cantonal Unity Assembly, which meets annually and evaluates the administration and limitations of cantonal policies. Its objectives focus on empowering citizens to exercise their rights and commitment to supporting self-determination and self-management; and supporting the municipality to improve the population's quality of life (Cabannes, 2006).

Cotacachi municipal market public service faces difficulties in the domain of infrastructure, sanitation, and management. The lack of economic sustainability of the service makes these problems increasingly evident because the municipality does not have the budgetary or human resources to deal with this problem. On the other hand, the market sellers, transporters, and tricyclists are not jointly responsible for improving the service.

Implementing a management model to improve service and economic sustainability is the main problem faced by the Municipality of Cotacachi. Involving all those involved in the change process requires a participatory model; therefore, stakeholders become key actors in the change process. So says (Cavalcante & Camões, 2017) about the trends in management principles and tools that guide innovations in public administration, improve transparency mechanisms, facilitate citizen access and participation in public administration, carry out new public policies that encourage a more active role of citizens, and develop networks and public-private partnerships. One mechanism of participatory government is participatory planning, which is defined as the involvement of citizens in the decision-making process to improve the delivery of public services and the empowerment of citizens to deepen democracy (Speer, 2012).

The research objectives are: i) understand the process of changing the management model of the municipal market of Cotacachi to a Mixed Economy Company in the period 2002-2005, ii) identify its difficulties and success factors, iii) analyze the participation of those involved in the decision-making process and its impact on the planning policy in the delivery of the municipal public service.

This study poses the following research questions to achieve the objectives.

1. How was the process of changing the public service model of the municipal market?
2. What was the decision-making process of those involved in the change?
3. What were the success factors and difficulties faced in this process of change?

The structure of this article is presented below. Section 2 describes the research design used for the case study. Section 3 shows the main findings on the participatory process of changing the management model from public to private management of the Cotacachi municipal market. Finally, section 4 presents the conclusions, limitations, and future work.

2 RESEARCH DESIGN

In this paper, we use a qualitative approach as this type of research is used to understand problems or situations by investigating the perspectives and behavior of people in these situations and the context in which they act. Qualitative research is conducted in natural settings and uses data in the form of words rather than numbers. Qualitative data are collected primarily from observations, interviews, and reports, then analyzed using different systematic techniques. This approach helps understand causal processes and facilitate action based on research findings (Kaplan & Maxwell, 2006).

TABLE 1 - CASE STUDY DESIGN

Phase	Activities
Planning	<ul style="list-style-type: none"> • Define the unit of analysis. • Prepare data collection instruments. <ul style="list-style-type: none"> – Invitation letters – Information for participants – Informed consent form – Interview questions – Interview protocol • Planning of key informant interviews. • Identification of required documentation.
Interviews and documentation collection	<ul style="list-style-type: none"> • President of the Federation of Neighborhoods (Informant 1). • President of the Assembly of Cantonal Unity (Informant 2). • Municipal Commissioner (Informant 3). • President of the Jesús del Gran Poder Market Vendors Association and representative of the sale of meat products (Informant 4). • Market vendor and representative of the vegetable sector (Informant 6). • Market tricyclist (Informant 7). • Manager of Mercado de los Andes Cotacachi JACTUK CEM (Informant 8).
Data analysis	<ul style="list-style-type: none"> • Transcription of interviews. • Analysis of interviews and documentation collected. • Coding of categories and subcategories. • Process description.
Presentation of results	<ul style="list-style-type: none"> • Prepare a report with results.

ADAPTED FROM (YIN, 2014)

For the above-mentioned, this article is a case study, for which the methodology suggested by Yin was used, who points out that "the case study is an empirical research methodology with which answers are given to how and why questions" (Yin, 2014). In addition, descriptive research is helpful to study practical problems and situations and understand the process used (Yazan, 2015). This research aims to understand how the participatory process was carried out for the change of management from public to private in the Cotacachi market. Table 1 shows four stages and their respective activities, which guided this study.

2.1. Planning.

In this stage, the unit of analysis is defined based on the research questions, the data collection instruments are prepared, the people involved in the process are sought and the interviews with the participants are scheduled. The Unit of Analysis of this case study is: "How was the participatory process for the change from public to private management of the Cotacachi market". The next activity is to prepare the data collection instruments (invitation letters, information for participants, informed consent forms, interview questions, and interview protocol). The interview questions are prepared based on the unit of analysis. To refine the questions interactions with pilot interviews were carried out to determine their effectiveness. The last activity of this stage is to contact and schedule interviews with the people who participated in this process.

2.2. Data collection.

In this stage, eight interviews were conducted with people who were (at that time) directly involved in the participatory process for the change of management of the Cotacachi market, these actors were: President of the Federation of Neighborhoods; President of the Cantonal Unity Assembly; Municipal Commissioner; President of the Association of Jesus del Gran Poder market vendors and representative of the sale of meat; leader of the Association of Jesus del Gran Poder market vendors and representative of the sale of fruit; market vendor and representative of the vegetable sector; market tricycle driver; and finally, the manager of the Cotacachi Andes Market JACTUK CEM.

The interviews were recorded with the authorization of the interviewees and had an average duration of 53 minutes, the shortest being 30 minutes and the longest 70 minutes. In addition to the interviews, documentation about this process was collected, among the main ones being:

- Conditions and Special Clauses of the Donation of Non-Refundable Funds.
- Aide-memoire working meeting Executive Commission of the Cotacachi Market System Project.
- List of positions, costs, and payment methods.
- Cotacachi intervention evaluation.
- Final intervention report.
- Executive Summary of the design and implementation process of the Cotacachi Market System.

2.3. Data analysis.

The interviews are transcribed at this stage using the "clear verbatim" technique. Subsequently, considering the unit of analysis, the transcribed interviews are analyzed together with the collected documents. The recommendations for qualitative text analysis (Kuckartz, 2014) were followed for this. MaxQDA 2020 was used to analyze the information collected, for which the texts are read in their entirety, and key terms or concepts are highlighted. A code appropriate to the passages of the texts is determined. The construction of categories and subcategories is based on theories (deductive) and the data reflected in the interviews (inductive). The combination of these methods makes it possible to define the coding system. Figure 1 shows the system of codes obtained. From the analysis of the categories and subcategories identified, we know the participatory process for the change in the management of the Cotacachi market.

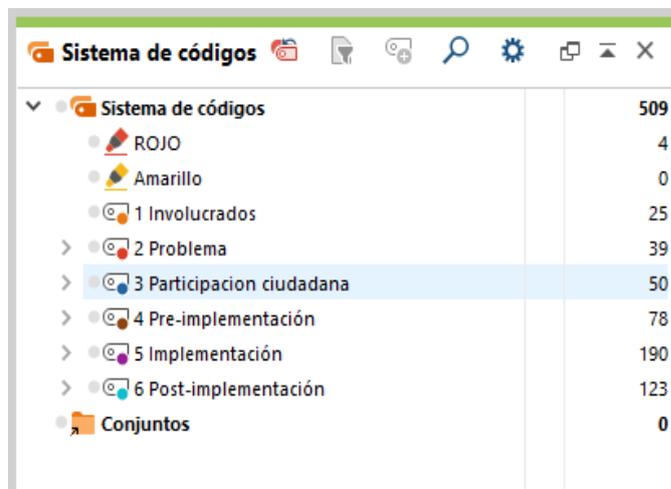


FIGURE 1: CODE SYSTEMS OBTAINED FROM THE CASE STUDY.

2.4. Results presentation.

The last stage consists of communicating the results, for which this article is being prepared.

3 RESULTS

3.1 Identified issues.

The public service of the municipal market at that time presented difficulties in infrastructure, sanitation, and management. concerning infrastructure, the spaces are poorly designed, small, and do not have adequate basic services. Likewise, there is no unloading area for supplying, nor a place to clean the products before their commercialization.

Sanitation is another difficulty since the products are sold in the open air, and their handling causes them to become contaminated. Meat products do not have the proper sanitary measures, one of which is to

maintain the cold chain. Garbage is disposed of anywhere in the market because there is no space for the final disposal of solid waste.

The administrative and financial management is not sustainable due to the lack of co-responsibility of the market vendors, who pay minimal fees for the occupation of the spaces. Besides, there is no specific allocation of funds within the municipal budget, and finally, the market's administrative unit in charge of enforcing the ordinances, due to the limited number of personnel and weaknesses in their training, does not guarantee an efficient administration, operation, and maintenance of the service. On the other hand, there is disorganization in the location of the stalls without considering their business lines.

3.2 Stakeholders involved.

The institutions and organizations participating in the "New Cotacachi Market System Project" are listed in Table 2.

TABLE 2 - PARTICIPATING INSTITUTIONS AND ORGANIZATIONS

Institution / Organization	Participating areas
Municipality	<ul style="list-style-type: none"> • Mayor. • City Council. • Municipal Technicians. • Administrative Direction. <ul style="list-style-type: none"> – Financial Management. – Attorney Syndic's Office. – Municipal Commissioner.
Social organizations (Citizen participation):	<ul style="list-style-type: none"> • Assembly of Cantonal Unity. • Federation of Cotacachi Neighborhoods.
Municipal Market Representatives	<ul style="list-style-type: none"> • Jesus del Gran Poder Market Vendors Association. • Market vendors. • Association of Tricyclists.
Transportation cooperatives	<ul style="list-style-type: none"> • Cotacachi Transportation Cooperative. • Cooperativa de Transportes 6 de Julio. • Santa Ana de Cotacachi Truck Cooperative.

3.3 Decision making.

Within the framework of the citizen participation and participatory democracy process, the Executive Commission for the Design and Implementation of the Cotacachi Market System was created as the liaison and coordination body between local authorities, the municipal technical team, the consulting team, and citizens, as well as the executive decision-making body for the project, and is responsible for monitoring its progress.

Decision-making spaces are classified into legitimate instances (grassroots organizations and Management Commission) and legal instances (Municipal Council). The former is created to support and endorse the decisions made regarding the design, execution, and implementation of the project and have

the legitimate backing of the social actors involved in this process. The latter approves decisions based on the provisions of the law, its rules, and procedures. Table 3 below shows a summary of the decisions adopted by these two bodies.

TABLE 3 - DECISIONS, INPUTS, AND RESOLUTIONS ADOPTED IN THE PROJECT.

Institutions / Organizations	Adopted Decisions, Contributions and Resolutions
Federation of Cotacachi Neighborhoods and Technical Team Municipality of Cotacachi.	<ul style="list-style-type: none"> Participative Diagnosis of the Cotacachi Municipal Market.
Cantonal Unity Assembly Development and Management Council.	<ul style="list-style-type: none"> Resolves the execution of the project "the new market system of Cotacachi", out of three alternatives presented.
Executive Commission for the Design and Implementation of Cotacachi's Market System.	<ul style="list-style-type: none"> Review, analysis and proposal of changes to the architectural design of the Market. Analysis and support for the adoption of a new market management model. "Mixed Economy Company. Review and approve the priorities to determine the future shareholders of the company. Review and analysis of the bylaws of the Mixed Economy Company Mercado de los Andes Cotacachi JATUK CEM. Review and analysis of the environmental, administrative, and financial manual. Review and analysis of the ordinance of the New Market System of the Cotacachi Canton.
Municipality of Cotacachi	<ul style="list-style-type: none"> The Municipal Council approves the following aspects. The ordinance of the New Market System of Canton Cotacachi. Move forward with the new management model for the Municipal Market, which is a: Mixed Economy Company. The statute of the Mixed Economy Company Mercado de los Andes Cotacachi JATUK CEM. The construction of the infrastructure in stages, with funds from the municipal participatory budget.

3.4 Participatory process for the change of management model.

This research identified the participatory process of changing the municipal market public service management model. This process has three phases: pre-implementation, implementation, and post-implementation, as shown in Figure 2.

3.4.1. Pre-implementation

The problems of the public service of the municipal market are known in the pre-implementation phase. Then the project to be implemented is defined. The stages of this phase are shown in Figure 3 below.

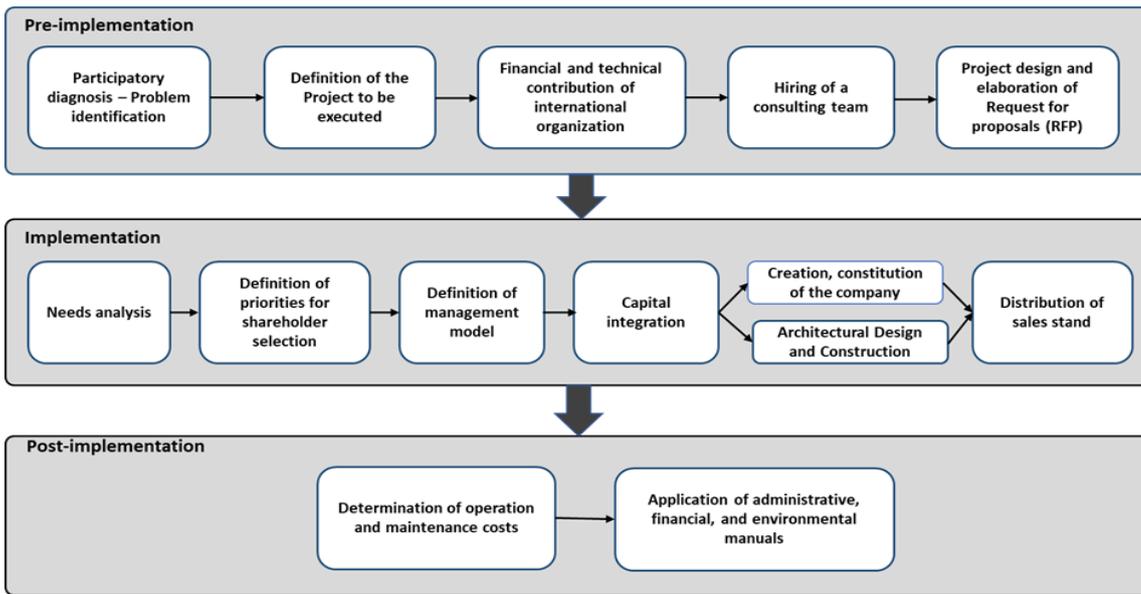


FIGURE 2: PARTICIPATORY PROCESS TO CHANGE THE COTACACHI MARKET MANAGEMENT MODEL



FIGURE 3: PRE-IMPLEMENTATION PHASE

Participatory diagnosis - Problem identification

The participatory diagnosis has been made with Technicians from the Municipality of Cotacachi and members of the Federation of Barrios, a grassroots territorial organization formed of 15 urban neighborhoods in Cotacachi. The main problems afflicting the market were identified, among them: poorly designed infrastructure, unhealthy sale of products, and unsustainable management model.

Definition of the project to be executed

The market improvement project was one of the three priority projects in municipal planning, and its implementation was decided by the Development and Management Council of the Cantonal Unity Assembly, the highest level of citizen participation.

Financial and technical contribution International Organization

The project design and implementation were financed through international cooperation that channeled its resources via a non-governmental organization. These funds were earmarked for 15 municipalities in Ecuador, including Cotacachi. Its intervention focused on three components: institutional strengthening, citizen participation, and effective decentralization (El Diario, 2006). In this context, in which the organized civil society is empowering local development, due to the citizen participation process implemented since

1996, the contribution of international cooperation funds channeled through an NGO is accepted for the execution of the New Cotacachi Market System Project.

The hiring of a consulting team

This organization’s support is technical and financial. At the technical level, the consulting team responsible for preparing the Request for Proposals for the definition of the management model and its implementation, architectural, and engineering studies, were hired. At the economic level, they contributed financially to the remodeling and construction of the new market infrastructure.

Project design and elaboration of Request for Proposals (RFP)

The consultant team presented the project design, and the Request for Proposals was approved by the Development Management Council and the Municipal Council to hire the technical team to execute the project. The project objective is to design and implement Cotacachi’s market system. Two intervention levels were taken into account, as described in Table 4:

TABLE 4 - LEVELS AND ACTIVITIES OF RFP

Levels	Activities
Design	<ul style="list-style-type: none"> • Management model for the market that includes the selection of the appropriate alternative for the operation and administration • Architectural and engineering design of the market’s physical plant. • Motivation and support to farmers concerning organic agricultural products will be one of the market’s anchors shortly. • Environmental procedure manual. • Regulations and ordinances that will govern the operation and functioning of the market define the unit of analysis.
Implementation	<ul style="list-style-type: none"> • Incorporation of the entity envisaged by the management alternative. • Training and transferring the management model and implementing the selected option. Includes design of manuals to implement into the company. • Technical direction of the construction of the physical plant. (The construction will be in charge of a constructor chosen by the competition). • Training and motivation of operators, vendors, and transporter. • Motivation and incentive for citizens regarding the market, nature, and form of use.

(DIRECCIÓN ADMINISTRATIVA - MUNICIPIO COTACACHI, 2003)

3.4.2. Implementation

The implementation phase involves making decisions to establish and implement the management model that was decided in a participatory manner and was the constitution of a mixed economy company. The activities carried out in this phase are shown in Figure 4 below:

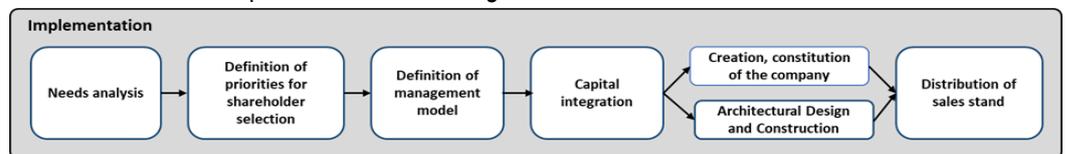


FIGURE 4: IMPLEMENTATION PHASE

Needs analysis.

The starting point in the implementation process was the needs analysis through the application of a survey demand for usable sales space and the opinion and expectations of buyers, which made it possible to draw up the perfect version of the architectural design, organize the market stalls according to the typology of stalls and businesses define the complementary services and have an approximation of the administrative and financial organization. The demand research was carried out on a Sunday, the day of the fair and the busiest day for customers (Dirección Administrativa -Municipio Cotacachi, 2003).

Definition of priorities for shareholder selection.

The market's permanent and itinerant vendors numbered approximately 300 people. Due to the market's installed capacity, not all of them joined the Mixed Economy Company (MEC), so six priorities were established for the selection of members, related to the origin of the vendors, the products sold and the frequency of use of the market. Table 5 describes the criteria used and the priorities. Of the 300 vendors, 142 were left. Table 5 describes the criteria used and the priorities.

The "products sold" criterion included the following categories: a) products with high demand, b) products with intermediate demand, and c) products with low or no demand, each of these categories with a list of products, as described in Table 6.

TABLE 5 – MIXED ECONOMY COMPANY PARTNER SELECTION CRITERIA AND PRIORITIES.

Criteria	First Priority	Second Priority	Third Priority	Four Priority	Fifth Priority	Sixth Priority
Origin	Cotacachi vendors	Cotacachi vendors	Cotacachi vendors	Outside sellers	Outside sellers	Outside sellers
Products they sell	Highest demand	Medium and low demand	Of any demand	Highest demand	Medium and low demand	Of any demand
Frequency of use	Permanent	Permanent	Sunday	Permanent	Permanent	Sunday

ADAPTED FROM (MUNICIPIO COTACACHI, 2005)

Definition of management model.

Three possible "New Cotacachi Market System Project" management models were analyzed: 1) Direct management, strengthening the internal administrative units. 2) Corporate management, creation of a public company or a mixed economy company. 3) Delegation to private parties, concession, or privatization.

It was considered that the most appropriate management model is the creation of a mixed economy company for the following reasons: it allows independent financial and administrative management; the key players are partners in the company and participate in its decisions; it fosters a sense of integral ownership of the facilities and the service; it facilitates access to the financial market for investments; and

it presents a more transparent selection of the participation of the vendors who will be the future shareholders (Dirección Administrativa, 2003).

TABLE 6 - CATEGORIES AND PRODUCTS SOLD ACCORDING TO THEIR DEMAND

High demand products		Intermediate demand products		Low or no-demand products	
Product	Percentage	Product	Percentage	Product	Percentage
Legumes, vegetables	84%	Eggs	43%	Viscera	2%
Grains and the like	66%	Potato	40%	Seafood	2%
Fruits	64%	Groceries	34%	Clothing	2%
Chicken	55%	Pork Meat	5%	Prepared foods	1,6%
Beef	54%	Dairy products	20%	Refreshments	1%
Bazaar and handicrafts					0%

ADAPTED FROM (MUNICIPIO COTACACHI, 2005)

Integration of capital - capital contribution of the shareholders.

The next step after the definition of the management model is the integration of capital, which consists of terminating the partners or shareholders that will make up the company, they are the Municipality of Cotacachi, market vendors, two Inter cantonal transport cooperatives, a truck cooperative, a tricycle association, and the Federation of Cotacachi Neighborhoods. Concerning the association of tricyclists, the inter-county transportation cooperatives and the pickup truck cooperative were included in the capital table as legal entities. The capital integration account was formed with the cash contribution of the future shareholders of the Mixed Economy Company (CEM).

After the capital integration, two simultaneous activities were carried out, namely the incorporation of the company and the architectural design and construction of the physical space.

Creation, the constitution of the company.

Once the integration account was formed, the company's bylaws were drafted and approved by the Municipal Council, and then the legal procedures were carried out before the Superintendence of Companies, and the company was registered in the Commercial Registry to start operations as a legally constituted organization.

With the legal status of the Mixed Economy Company Mercado de Los Andes Jatuk CEM, we proceeded with the process of implementing the management model, which had its own administrative and financial structure, following the provisions of the company's articles of incorporation.

Architectural design and construction.

Work was carried out at the same time in the process of constitution of the Mixed Economy Company, and architectural design of the infrastructure, which was done by the consulting team with the inputs from the survey of the demand for usable sales space and the opinion and expectations of buyers. The Executive Committee validated the architectural design subsequently approved by the Municipal Council.

Afterward, the construction of the new infrastructure and remodeling of the usable areas began. The three construction phases of the buildings are described below: Phase 1: Modules 1, 2, and 3 and general services; Phase 2. Exterior works; Phase 3: Remodeling of the main block. The construction of buildings was carried out under the provisions of the Public Procurement Law of Ecuador.

The remodeling and construction of the market were financed with funds from the Municipality of Cotacachi, the vendors, transport cooperatives, the association of tricyclists, and the non-governmental organization. Table 7 shows the interventions carried out and those responsible for their execution.

TABLE 7 - RESPONSIBLE INSTITUTIONS AND INTERVENTION AREAS

Institution responsible for its execution	Intervention Area
NGO	<ul style="list-style-type: none"> • Construction of Modules 1, 2 and 3 • Central step • Lobby • Block remodeling services
Municipality of Cotacachi. Contributions from the company's shareholders.	<ul style="list-style-type: none"> • Construction of external works including • General Services Maneuvering Plaza • Association Square • Access from Salinas Street • Access from the Terminal • Children's play area • Bus station • Main Block Maneuvering Area • Corner Square • Inspection costs of the work (4% of the total value) • Remodeling of the main block

ADAPTED FROM (DIRECCIÓN ADMINISTRATIVA -MUNICIPIO COTACACHI, 2003)

Distribution of the sales stand

The distribution of the sales stand to the shareholders was made according to the square meters acquired and the of business, which included: vegetables (multiple), meat, groceries, food, bus parking, truck parking, and tricycle king. It should be noted that the shareholders use an assigned physical space within the market facilities, while the Municipality is the majority shareholder but does not use the physical space.

Table 8 shows the type of stall by line of business and size.

TABLE 8 - TYPE OF STALLS BY LINE OF BUSINESS AND SIZE.

Type of sale	No.	Location	Size in m2 / per unit
Multiple (vegetables, fruits, grains, bread, among others)	85	Module 1, 2 Y 3	5,00
Meat	16	Main block	7,79
Groceries	13	Main block	15,64
Foods	12	Main block	17,28
Bus parking	11	Terminal area	30,00
Vans parking	6	10 de agosto Street	15,00
Tricycle parking	4	Via central and others	4,00

Adapted from (Municipio Cotacachi, 2003)

With the participation of all the shareholders, the distribution of the sales stands was agreed upon. For this purpose, numbered plan of the stalls was used to distribute the stands through a raffle, this guarantees a transparent process. As stated by (Informant 1), "the distribution of the stalls was under the reality and needs. That is why there was a specialized and inter-institutional team composed of the Municipality of Cotacachi, the Assembly of Cantonal Unity, and the Federation of Neighborhoods".

3.4.3. Post-implementation

The post-implementation phase corresponds to those aspects that set-in motion the process of changing the management model. This phase required the commitment of the company's administrative personnel and the new shareholders. The stages of this phase are shown in Figure 5:

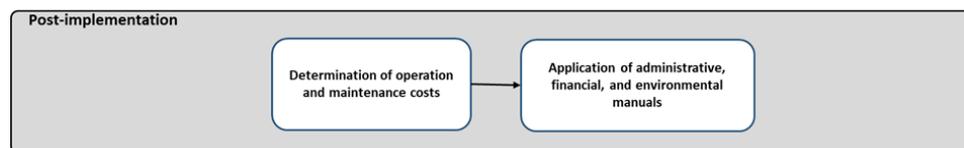


FIGURE 5: POST - IMPLEMENTATION PHASE

Determination of operating and maintenance costs

The company's shareholder-members invested in the purchase of shares in the market it entitles them to the use of a physical space which is based on the number of shares purchased. However, to ensure the sustainability of the management model, all shareholders, except the Municipality of Cotacachi, which does not use the physical space, are required to pay a monthly aliquot. The income from the tax is used for the company's personnel, operating, and maintenance expenses.

The aspects considered for the estimation of the aliquots were a) Costs of operation, services and supplies, maintenance, and depreciation; b) cost per square meter of the stall; and c) a percentage of the cost of construction of the common areas. From the sum of the three costs (a+b+c) a weighting factor was established for the business lines, and the monthly rate to be paid was established, it is reviewed annually.

Application of administrative, financial, and environmental manuals

For the correct operation of the company, administrative, financial, and environmental manuals were prepared and applied. To reduce resistance to change, many training and awareness-raising workshops were held for shareholders due to this project involved not only the remodeling of the infrastructure but also the adoption of a new management model, which implied a paradigm shift.

3.5 Difficulties and solutions

One of the main difficulties encountered in the change process of the management model was the purchase of shares since the sellers did not know about this legal figure and did not understand how it worked. The future shareholders demanded a public deed that would guarantee them ownership of the

property, while the share deed did not grant them property ownership but allowed them to use the physical space.

According to (Informant 4) *"we had to buy shares for the value of one dollar to have the right to use a physical space, which depended on the number of shares purchased, for example, a shareholder of vegetables had to pay around 517 dollars for 5 square meters. For the purchase of the shares, we received one share certificate, but not a deed which was required by most shareholders"*. To address this difficulty, the technical team held focused workshops with shareholders according to their line of business to explain the regulations of the new management model implemented and the benefits of the share certificates, which were negotiable and allowed them to obtain a return in the future by selling them to other people.

Another difficulty was the shareholders' disagreement with the payment of a monthly quota for the upkeep of the management model, which included the pay for operation and maintenance services. In this regard, they stated that they made their contribution through the purchase of shares and therefore they did not have to pay the fees, as pointed out by (Informant 7) *"We were not in the habit of paying any aliquot we thought it was unfair that after having paid for the shares, we were charged aliquots for the payment of basic services and surveillance, however as time went by, this charge gave good results"*.

"It was important to consider the sustainability of the project, so it was convenient to determine the collection of an aliquot, which allowed the correct operation of the Company" (Informant 1). Solving this aspect demanded a deep awareness process on the part of the municipal technicians and the consulting team to explain the difference between the contribution made by the purchase of shares, which corresponds to an investment, and the contribution of the aliquots, which corresponds to a current expenditure destined to sustain the management model.

The presence of street vendors destabilized the application of the management model in its beginnings since they sold their products in the spaces surrounding the market, a situation that bothered the shareholders, as stated by (Informant 3) *"The street vendors were not interested in the unhealthy conditions of the market's infrastructure; their only interest was to have a physical space to offer their products, and for this reason, they did not support the process of change"*. Initially, it was necessary to support public forces to guarantee the elimination of street vendors, but it was not enough. Therefore, the street vendors would use the physical space in exchange for payment for using a square meter of physical place, which was higher than the cost of the aliquots paid by shareholders.

Another aspect that hindered the change process was the resistance presented by a sector of the future shareholders, who wanted to maintain their old sales paradigm, as indicated by (Informant 4) *"most of the*

market sellers did not accept the project, which made it difficult to advance in this process, several meetings were held to show them the benefits of the change in the management model". Working on the issue of misinformation was a task that demanded a lot of time and dedication, both for the municipal technical team and the market management, to socialize the benefits of the implemented management model. It was not an easy task, even more so because politicians of different tendencies from the mayor's office were the principal promoters of the disinformation campaigns, which were mitigated through press conferences given by the mayor and market leaders, press articles, and on-site meetings with those involved in the process of change.

3.6 **Benefits Obtained**

The change in infrastructure was the most visible benefit that ensured order, safety, sanitation, cleanliness, and quality. The company's management implemented product quality control systems, established market opening and closing hours, implemented a facility security service, and applied administrative, financial, and environmental manuals. Informant 8 says, *"they have a clean, orderly market, with quality products ... where quality control and price control established"*, which is corroborated by Informant 4, who indicates that *"once the company formed, there was more order and cleanliness as well as a roof, security, confidence that our merchandise was under lock and key"*.

Confidence in the public service was recovered, as evidenced by the increase in demand for the products offered in the market, thanks to the significant improvement in the quality of service and the arrangement of the stalls in an organized and signposted manner, according to the business lines, as indicated by (Informant 5) *"the market is very nice and we are congratulated because we take care of it and keep it clean"*. (Informant 2) states that *"from the urban territory planning part, the infrastructure conditions were improved, not only in the market but also in everything around it"*.

The sales conditions changed; the vendors have covered, clean, comfortable, and safe spaces for the sale of products. The company's corporate image is positioned with the use of uniforms with the institutional logo. Informant 8 states that *"there was a change in the habits of the vendors, in the form of marketing, and the quality of the services; it was a change in everything related to the marketing of food and products"*.

A fundamental factor is the sustainability of the management model due to the administrative and financial structure applied. Ownership and co-responsibility of the shareholders demonstrated in the implementation and post-implementation process, as pointed out by (Informant 4) *"we vendors have taken the company forward because all operating and operating expenses have been paid with the"*

shareholders' contributions, which has resulted in relief for the municipality, which does not have to worry about the maintenance of the market".

3.7 Success factors

The success of this project was based primarily on the political will of the local authorities, who were committed to this proposal, accompanied at all stages by the participation of the stakeholders through the Executive Committee, a decision-making body throughout the process of change, as stated by (Informant 8) *"Having the political will of the authorities is a determining factor in establishing mechanisms for dialogue to achieve change."*

Another success factor was having a committed and responsible market manager with a great willingness to change, which contributed positively to the execution of the management model. On this subject, (Informant 8) points out that *"the leadership was important because their involvement made it possible to solve the problems generated by managing large groups of people participating in such a profound change process."*

Participatory decision-making was a decisive success factor. There was the participation and involvement of the direct beneficiaries of the project, the Municipality of Cotacachi, and the citizen participation bodies such as the Cantonal Unity Assembly and the Federation of Neighborhoods, who contributed significantly to the execution of the project, as indicated by (Informant 2). In Cotacachi, all the projects' executives were successful due to the citizens' active participation, involvement in decision-making and support throughout the project implementation process, and the market was no exception".

The economic and technical contribution of international cooperation channeled through an NGO (Non-Governmental Organization), was a fundamental element for the execution of the project. Its contribution to the infrastructure construction and the hiring of the consulting team in charge of the design and implementation of the change process, who demonstrated solvency in this type of project, which guaranteed success during all the stages of execution and implementation of the change process.

Without the determined, responsible, and committed involvement of the municipal administrative team, the execution of this project would not have been possible. The activities involved additional working hours, not including weekends and holidays. In addition, it required the application of competencies such as teamwork, negotiation, and communication skills, which were further strengthened during the change process. Another significant factor was the participation of a financial institution aimed at financing micro-entrepreneurs, which facilitated loans to market sellers, who were not subject to credit from commercial banks, for the purchase of shares, as stated by (Informant 2) *"We did not have the funds to buy the shares ... so we chose the Financial Institution that provided us with the facilities to buy the shares".*

Knowing about other similar experiences in public markets was a success factor. Although these experiences had not made changes in the management model, they did introduce changes in the service that they contributed to motivating those involved in the project to decide to move forward with the change process in the Cotacachi market. As stated by (Informant 1) "a delegation of the Federation of Neighborhoods visited several cities in the country, especially the city of Cuenca, to learn about similar experiences that allowed us to have a complete vision of where we should move forward".

The way of assuming the new management model on the part of the shareholders was decisive to guarantee its sustainability; they assumed with responsibility, commitment, and co-responsibility the new policies that implied the change of paradigm of leaving aside the fact of being "Placeras" , to become micro-entrepreneurs, This guaranteed quality service to the customer, As stated by (Informant 8), *"the model was successful because the sellers were empowered by this model and believed in it, but it is also an autonomous management model, which allows sustainability because each shareholder is responsible for the functioning and operation of this management model"*.

4 CONCLUSIONS

4.1 Institutional and Political Scope

The citizen participation model implemented in Cotacachi during the 1996-2009 period allowed the participation of neighborhood leaders, grouped in the Federation of Neighborhoods, who promoted and followed up on the process of changing the market management model, intervened in decision-making throughout the design and implementation process, together with the Assembly of Cantonal Unity, the highest instance of citizen participation of the sectors and actors of Cotacachi.

In Cotacachi there was a shift from representative democracy summarized to the "right to voice and vote", which essentially has been reduced to the latter (Cabannes & Lipietz, 2018) o a participatory democracy, where "a local space of inclusion is generated... that assumes: 1) *Principles of social equity and enforcement of economic and social rights* 2) *an active exercise of public political rights both at the level of representative and participatory democracy with new forms of local democracy.* 3) *A broad intercultural pluralist content and* 4) *a proposal for local development.*" (Ortiz, 2004)

The political will of the local authorities enabled the consolidation of the change process, which required teamwork between authorities, municipal technicians, and consultants, to meet the aspirations of the beneficiaries of the change in the management model. The most outstanding results in the political-institutional sphere are:

- Co-responsibility and empowerment of the Cantonal Assembly and Federation of Neighborhoods in the change process.

- Strengthening municipal technicians' teamwork, negotiation, communication, and management skills.
- Articulation of actors and organized sectors in decision-making during the change process.

4.2. Civil society, empowerment, and management model

The citizen participation model implemented in Cotacachi during the 1996-2009 period allowed the participation of neighborhood leaders, grouped in the Federation of Neighborhoods, who promoted and followed up on the process of changing the market management model, intervened in decision-making throughout the design and implementation process, together with the Assembly of Cantonal Unity, the highest instance of citizen participation of the sectors and actors of Cotacachi.

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- Co-responsibility and empowerment of the Cantonal Assembly and Federation of Neighborhoods in the process of change.
- Strengthening of teamwork, negotiation, communication, and management skills of municipal technicians.
- Articulation of actors and organized sectors in decision-making during the change process.

4.2 Civil society, empowerment, and management model

Changing the management model of a public service implies a great challenge because it means changing the organizational culture and paradigms, like pointed out by (Chiavenato, 2010), the starting point of change is to review its main paradigms, in addition, people as well as organizations face the

adaptive challenge in different ways and are related to issues of assumptions, values, and beliefs of attitudes and habits (Eichholz, 2015).

The process of changing the municipal market to a new management model was a titanic task that took a significant time due to the participatory and communication component adapted to transmit the new and different dynamics of the new model, in which vendors, transporters, and tricyclists become co-responsible for the administration, operation, and maintenance of the Mixed Economy Company. In this sense (Bovaird, 2007) indicates that in the co-production approach, service users are part of the planning and provision of the service, which has important implications for democratic practices because it places users more predominantly in the decision-making process.

This significant change would not have been possible without the empowerment of the women vendors, who, guided by the strong leadership of one of their colleagues, who knew the reality of the market, the environment, and the people, generated a synergy to achieve the goal of implementing a different management model to improve the quality of life of market members. On the subject (Hajdarowicz, 2018) states that women leaders have a deep understanding of their role as individuals and the need for action to achieve a huge impact, and contribute to strengthening the development of public policies through democratic participation and decision-making mechanisms that improve the management and delivery of public services (Cavalcante & Camões, 2017). Future work proposes to investigate the resistance to change caused by the change in the model management and the current reality of the Mixed Economy Company, its challenges, and lessons learned.

4.3 Work limitations

The limited time available to conduct interviews with other actors involved in this change process was a limiting factor. Similarly, the time that took place since the implementation of the new model of change up to the present time made it difficult to have important data that the interviewees left out.

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