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Institutional Capacity, Citizen Participation, and Digital Transformation in Local Governance: A Systematic Literature Review

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ABSTRACT

This review examined how institutional capacity, citizen participation, and digital transformation shaped local governance across diverse administrative settings. A structured search of publisher records, scholarly repositories, and DOI-linked publications identified 21 relevant peer-reviewed studies published between 2022 and 2026. The studies were screened for substantive relevance and synthesized through a qualitative thematic matrix. Three interdependent mechanisms emerged. Institutional capacity influenced whether local governments could coordinate actors, allocate resources, and translate policy objectives into implementation. Citizen participation contributed to legitimacy and service responsiveness when public input affected decisions rather than remaining procedural. Digital transformation expanded channels for participation and service delivery, but its effects depended on leadership, accessibility, and organizational integration. Cross-cutting evidence highlighted persistent tensions between innovation and administrative routines, formal participation and actual influence, and technological expansion and digital inequality. The review proposed an integrated analytical framework in which institutional capacity enabled participatory and digital practices, while feedback and accountability connected these practices to governance outcomes. The findings supported context-sensitive reforms rather than uniform technological or participatory solutions.

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INTRODUCTION

Local governments operate at the point where public authority, social demands, and administrative capacity meet. They translate national mandates into everyday services, manage local resources, organize public participation, and respond to community-specific problems. Yet the effectiveness of local administration cannot be inferred from the existence of decentralization statutes or participatory forums alone. Local governance also depends on whether institutions possess the capabilities to act, whether citizens can influence decisions, and whether digital systems strengthen rather than displace public relationships. Recent scholarship has increasingly approached these questions through institutional capacity, co-creation, accountability, and digital transformation, but these conversations are not always integrated in the same analytical frame (Branderhorst & Ruijer, 2025; Deeod & Kiettikunwong, 2026; Nerland et al., 2025).

Institutional capacity remains a foundational concern because municipalities differ in staffing, managerial discretion, information systems, political support, and the ability to coordinate across levels of government. Research on Spanish city councils associated public-sector innovation with political stability, economic diversity, and regional institutional influences, suggesting that administrative modernization is conditioned by the local operating environment (Alcaide-Muñoz et al., 2026). Dutch research likewise linked digital transformation to the strategic, organizational, and political work of city

managers rather than to technological acquisition in isolation (Branderhorst & Ruijer, 2025). In the context of sustainability transitions, Nerland et al. (2025) found that practical change required attention to systemic incentives, shared visions, and collaborative arrangements. These accounts indicate that institutional capacity refers not merely to resources held by local authorities but also to their ability to mobilize and reconfigure them.

Participation has become a widely accepted standard of democratic local administration. In practice, however, formal consultation does not guarantee influence over decisions. Research in the Nordic municipal context identified tensions between the normative promise of co-creation and the institutional logics of established political and administrative systems (Aastvedt & Vike, 2025). Hofstra and Edelenbos (2026) highlighted the importance of civil servants' responsiveness to the outputs of participation, while studies of local networks in Bangladesh examined how community organizations shape the opportunities and limits of inclusion (Panday, 2026). These findings suggest a distinction between opening channels for public voice and ensuring that such voice is considered, documented, and reflected in policy outcomes.

The expansion of digital government introduces a related question. Digital platforms can reduce transaction costs, diversify feedback channels, and make administrative interactions more visible; they can also reproduce existing inequalities in connectivity, literacy, and voice. The comparative study of government-led and citizen-led platforms in Seoul illustrated how platform design and institutional ownership shape digital co-production (Hwang & Kim, 2025). Research on Tanzanian local authorities emphasized the relevance of information and communication technology literacy and accessibility for participation (Ngowi et al., 2026), and comparative work on Chinese municipalities examined why accessible electronic service delivery varied across local settings (He & Homburg, 2026). Technology is therefore neither an independent guarantee of inclusion nor a substitute for capable local institutions.

A further challenge concerns the relationship among these streams of research. Institutional studies often foreground leadership, resources, and organizational arrangements; participatory research focuses on representation, legitimacy, and citizen influence; digital-governance studies examine platforms, information infrastructures, and accessibility. Without a common perspective, it is difficult to explain why a local government may achieve technical modernization yet remain unresponsive, why participatory procedures may generate little policy change, or why well-designed collaborations may be weakened by unequal resources and decision-making power. Evidence from Thailand connected information disclosure and trust to citizens' perceptions of local governance quality (Deeod & Kiettikunwong, 2026), while research in Indonesia underlined the distinction between formal compliance and substantive policy implementation (Sasmito et al., 2026).

This article addresses the conceptual fragmentation by organizing a recent body of peer-reviewed scholarship around three questions: How is institutional capacity associated with the performance of local governance? Under what conditions does citizen participation contribute to influence, legitimacy, and responsiveness? How does digital transformation interact with institutional capacity and participation to enable or constrain local outcomes? The review does not treat the three dimensions as independent checklists. Instead, it investigates their connections, contradictions, and enabling conditions across contrasting national and administrative contexts.

The article makes two contributions. Empirically, it synthesizes 21 recent studies covering Asian, European, African, and other local-government settings and distinguishes recurring findings from context-dependent observations. Conceptually, it develops an integrative explanation of local governance in which institutional capacity creates the conditions for participation and digital experimentation, citizen feedback supplies legitimacy and local knowledge, and accountability mechanisms connect both to implementation and public outcomes. This is a bounded evidence synthesis rather than a claim that all relevant Scopus records have been exhaustively retrieved; the implications should be interpreted within the documented search and selection limits.

RESEARCH METHODS

The study used a structured systematic literature review with qualitative thematic synthesis. The unit of analysis was the peer-reviewed journal article rather than an individual respondent, municipality, or country. The review followed the general logic of transparent identification, eligibility assessment, extraction, and synthesis associated with systematic-review reporting (Page et al., 2021). Its primary objective was explanatory integration, not estimation of a pooled effect size. The diversity of research questions, settings, and empirical designs made statistical meta-analysis inappropriate.

The topical search combined the terms "local governance", "local government", "institutional capacity", "public sector innovation", "citizen participation", "co-creation", "collaborative governance", "digital government", "e-government", "digital transformation", "government responsiveness", "information disclosure", and "accountability". Search combinations used AND and OR where supported. Identification took place through publicly accessible journal publisher pages, scholarly publication indexes, institutional research portals, and DOI-linked records. Publisher or institutional pages were used to verify article titles, publication years, journal venues, and thematic relevance. The latest search check was conducted on 19 November 2026.

Eligible publications were peer-reviewed journal articles dated 2022–2026, written in English, and substantively concerned with subnational governance or municipal public administration. Each included article addressed at least one of the three focal dimensions and provided a conceptual argument, systematic synthesis, or empirical evidence relevant to how local governance works. Research articles from established international journals were prioritized. Books, dissertations, conference abstracts, undated commentary, and studies with no material connection to local administration were not included in the analytical corpus. The PRISMA reporting paper was retained separately as a methodological reference rather than counted among substantive studies.

The final analytical matrix comprised 21 unique articles, including qualitative case studies, comparative analyses, quantitative examinations, methodological contributions, and related evidence syntheses. Articles were read at the level of accessible publisher summaries, metadata, and available full-text sections. When full-text content was restricted, interpretation was limited to the claims visible in the abstract or verified published description. No statement about study participants, statistical significance, or causal effect was made unless such information was visible in the consulted source. Publication dates followed the journal issue year where available; online-first papers were identified by their online publication year.

Data extraction used a structured matrix with fields for author, publication year, geographic or organizational setting, principal governance problem, research emphasis, and contribution to institutional capacity, participation, or digital governance. A first coding pass assigned the primary analytical dimension. A second pass compared mechanisms and tensions across dimensions, including administrative discretion, participation uptake, transparency and trust, digital accessibility, policy implementation, and intergovernmental coordination. The synthesis combined descriptive mapping with an interpretive comparison of confirming and contrasting arguments. Table 1 summarizes the resulting corpus.

The review has an important methodological boundary. It was not conducted through an authenticated Scopus export and therefore cannot report database-specific identification totals, a complete de-duplication log, or a fully auditable PRISMA identification flow. The analytical count of 21 denotes the verified corpus synthesized here; it should not be misread as the total number of relevant studies published worldwide. Accordingly, the article is best understood as a bounded, systematically organized review whose search protocol can be extended in a subsequent database-assisted iteration. The findings offer a defensible analytical synthesis, while claims of exhaustive coverage or bibliometric representativeness are deliberately avoided.

RESULTS AND DISCUSSION

Profile of the reviewed literature

The studies demonstrated considerable thematic and geographic diversity. European cases were prominent in analyses of organizational leadership, public-sector innovation, and institutional boundaries; Asian cases added evidence about participatory networks, co-production, transparency, and implementation; and African cases emphasized the administrative and social conditions that shape access to participatory technologies. Cross-country variation was useful for identifying recurring mechanisms without assuming that a single reform package would work everywhere. Table 1 records each study's principal analytical contribution rather than reproducing raw study data.

Table 1 Characteristics and Analytical Contributions of the Reviewed Studies

Study	Context	Analytical focus	Contribution to synthesis
Aastvedt & Vike (2025)	Nordic municipality	Institutional boundaries	Co-creation can conflict with established logics
Alcaide-Muñoz et al. (2026)	Spain	Municipal innovation	Institutional and political environment conditions innovation
Branderhorst & Ruijer (2025)	Netherlands	Digital leadership	City management shapes digital organizational change
Chen et al. (2025)	Community mobile government	Collaborative mobile participation	Participation requires organizational and procedural adjustment
Chinudomsub et al. (2026)	Thailand	Citizen-centred innovation	Relational, iterative participation can strengthen responsiveness
Clement et al. (2022)	Smart-city partnerships	Stakeholder collaboration	Cooperation depends on institutional and relational conditions
Davy & Buckingham (2025)	New Zealand	Local policy consultation	Consultation design shapes opportunities for community voice
Deeod & Kiettikunwong (2026)	Rural Thailand	Transparency and trust	Disclosure and trust inform governance perceptions
Gianola et al. (2024)	Digital democratic innovation	Participatory inclusion	Participation platforms require attention to inclusiveness
Hakeem & Josukutty (2026)	Local governance in India	Community engagement	Participation quality extends beyond formal attendance
Hasmin et al. (2026)	Coastal Indonesia	Trust and street-level practice	Citizen experiences depend on local administrative encounters
He & Homburg (2026)	China	Accessible e-services	Digital inclusion varies with implementation conditions
Hofstra & Edelenbos (2026)	Government participation processes	Civil-service responsiveness	Public contributions need an administrative response
Hwang & Kim (2025)	Seoul, South Korea	Digital co-production	Government- and citizen-led platforms produce different dynamics
Lee & Tang (2026)	United States	Collaborative platforms	Membership rules and resources affect distribution of influence
Nerland et al. (2025)	Local sustainability governance	System transformation	Shared visions and incentive alignment matter for change
Ngowi et al. (2026)	Tanzania	ICT and citizen participation	Connectivity and literacy shape meaningful access
Panday (2026)	Bangladesh	Community networks	Network mediation shapes participation opportunities
Sasmito et al. (2026)	Indonesia	Policy implementation	Formal compliance may diverge from substantive action
Schütz et al. (2025)	Germany	Local priorities and data	Web evidence can map municipal policy priorities
Uster (2025)	Local digital co-production	Digital government in crisis	Crisis practices illustrate conditions for co-production

Source: Authors' qualitative coding of the 21 journal articles listed in the references.

Institutional capacity as the foundation of governance performance

The first major finding is that local governance capacity is both structural and relational. Structural capacity includes personnel, funding, formal authority, information systems, and routine administrative procedures. Relational capacity concerns the ability of government units to work with elected representatives, external agencies, service users, community organizations, and other levels of government. Evidence from Spanish municipalities showed that innovation differs with political and economic conditions and the surrounding institutional environment (Alcaide-Muñoz et al., 2026). This

finding cautions against interpreting variation in reform performance as the product of managerial enthusiasm alone.

Leadership helps explain how these capacities become usable. Branderhorst and Ruijer (2025) described digital leadership in Dutch local governments as a complex managerial activity involving strategic choices and relationships across an organization. The practical implication is that a municipal innovation requires more than a technical implementation unit: managers must navigate political interests, resource constraints, workforce readiness, and continuity of service. In parallel, the smart-city stakeholder literature treats collaboration as an organizational problem with multiple actors who have distinct incentives and capacities (Clement et al., 2022). Capacity is therefore better analyzed as the ability to assemble coordinated action than as a single budgetary or staffing measure.

Institutional embeddedness can facilitate continuity but can also resist experimentation. Aastvedt and Vike (2025) found that co-creation ideals interact unevenly with the institutional rules of Nordic welfare municipalities. Political representation, bureaucratic accountability, and administrative hierarchy are not simply obstacles to be removed; they serve democratic and legal purposes. The tension arises when collaborative experiments are presented as replacements for established responsibilities rather than as processes requiring negotiated mandates. This interpretation differs from reform narratives that assume collaboration is inherently more open or more efficient than hierarchical administration.

The study by Nerland et al. (2025) adds a system-oriented perspective. Local sustainability transformations may stall when incentives, institutional goals, and organizational routines point in different directions. A shared public vision and revised relationships can matter as much as changes in a single project. This is consistent with evidence from collaborative disaster-mitigation planning, in which platform membership and resource distributions influenced whose proposals and needs were likely to shape collective outputs (Lee & Tang, 2026). Institutional capability must consequently be judged by the fairness and durability of coordination as well as by the speed of decisions.

The Indonesian stunting-policy study illustrates why capacity cannot be inferred from documentary compliance. Sasmito et al. (2026) examined how locally implemented policy arrangements could depart from the substance of an intended program. This contrast is important for administrative analysis: policies may have meetings, work plans, and compliance reports without producing equivalent implementation quality. An effective governance assessment should connect formal organizational processes to actual decisions, resource flows, and experiences of the target population. In this interpretation, institutional capacity becomes visible when decisions are implemented consistently and revised when local evidence reveals problems.

The resulting synthesis conceptualizes institutional capacity through four interconnected capabilities: coordination across organizations; legitimate managerial discretion to adapt implementation; resource and information mobilization; and the ability to learn from policy results. These capabilities are not evenly distributed. They vary with local political structures, administrative history, and intergovernmental relationships. Accordingly, strengthening local governance requires diagnosis of which capability is missing rather than the assumption that every municipality needs the same organizational reform.

Citizen participation: from access to demonstrable influence

A second consistent pattern is the difference between opportunities to participate and meaningful participation. Local government can invite comments, open consultations, or establish forums while leaving the decision process largely unchanged. Hofstra and Edelenbos (2026) focused attention on civil servants' responses to outputs from participation. Their contribution sharpens the distinction between input legitimacy, which concerns whether citizens can voice concerns, and administrative responsiveness, which concerns what officials do with those concerns. Participation that is neither acknowledged nor translated into a reasoned response may improve procedural visibility without strengthening trust.

Research on community networks demonstrates that participation is rarely organized through isolated individuals alone. Panday (2026) investigated how community organizations mediate engagement in Bangladeshi local-governance forums. These intermediary structures may provide knowledge, mobilization, and continuity, yet network-based participation can also reflect unequal status and opportunities. In rural Thailand, Deeod and Kiettikunwong (2026) reported a close relationship among information disclosure, public trust, and perceived governance quality, with local community relations playing a meaningful part. The evidence indicates that formal invitations to participate should be supported by accessible information and credible channels of interaction.

Citizen-centred governance in subnational Thailand reinforces this relational understanding. Chinudomsub et al. (2026) treated democratic and co-creational innovations as ongoing interactions rather than one-time consultation events. Their cases point toward the value of sustained citizen engagement but also acknowledge uneven participation and contested collaboration. Hakeem and Josukutty (2026) similarly revisited the level and quality of community engagement in local governance. Across these contexts, participation is not a single variable measured adequately by meeting counts; it is a process in which representation, agenda-setting, deliberation, feedback, and influence can diverge.

Consultation also depends on how local authorities frame a policy problem. Davy and Buckingham (2025) examined a food-safety consultation in Auckland, where a council sought input within ethnolinguistically diverse communities. The case is relevant because policy consultations can create barriers even before formal decisions occur: the terminology used, communication languages, institutional timing, and available channels may narrow whose experience enters the process. Inclusive governance therefore requires design choices that allow participants to understand the decision, contribute evidence, and receive a traceable explanation of the eventual outcome.

Research on participatory digital innovation presents a related warning. Gianola et al. (2024) examined inclusiveness in a digital democratic innovation organized around co-creating a voting-advice application. The study extends local participation research beyond the number of available technologies toward questions about who is present, whose knowledge becomes embedded in the output, and how the design of participation affects representation. Such concerns are especially important where participation relies on digital literacy, time, or organizational sponsorship. The practical measure of inclusive engagement is whether groups usually absent from policy processes can influence the problem definition and proposed solution.

This evidence supports a five-stage sequence for participation: accessible information, inclusive entry, deliberative exchange, documented administrative consideration, and feedback on the decision. The last two stages are frequently less visible than the opening of consultation channels. For local government managers, the greatest improvement may come from creating a formal obligation to show how citizen contributions changed a policy, why certain proposals were not adopted, and which actor is responsible for further action. Public participation becomes a governance capability when officials can demonstrate this feedback chain rather than merely advertise an event.

Digital transformation: an enabler shaped by administrative and social conditions

The third thematic finding is that local digital transformation generates opportunities only when coupled with administrative capability and inclusive design. In Seoul, Hwang and Kim (2025) compared a government-led platform with a citizen-led platform and found that digital co-production is shaped by different organizational and platform dynamics. The implication is not that one form of platform always performs better. Rather, institutional ownership, rules for exchange, and expectations about government response influence how participation develops. Digital systems carry assumptions about who may participate and what counts as an actionable contribution.

The Tanzanian evidence demonstrates why technological availability is an incomplete measure of e-participation. Ngowi et al. (2026) considered the roles of digital literacy, internet connectivity, accessibility, and electronic government in local civic engagement. Where connectivity or competence is uneven, an online-only strategy can widen differences between citizens who already have strong

administrative access and citizens who are less connected. He and Homburg (2026), comparing the implementation of accessible electronic services in Chinese municipalities, similarly indicate that local implementation conditions shape whether accessibility policies become practical services. These studies support the distinction between a digital service existing and a digital service being usable.

Digital transformation additionally requires integration into ordinary administrative work. Chen et al. (2025) developed a grounded-theory framework for collaborative mobile government participation, identifying the importance of stakeholder relationships alongside procedural and organizational adjustments. Uster (2025) examined digital co-production during a crisis and provided a complementary perspective on the circumstances in which electronic participation can be mobilized under pressure. Local authorities often establish new platforms more quickly than they adjust service standards, documentation, staff responsibilities, and feedback procedures. The resulting disconnect can leave citizens sending information that no unit is required to process.

The importance of administrative data is illustrated in a different way by Schütz et al. (2025). Their web-mining study of German local government websites demonstrated how public-facing digital content can help identify municipal policy priorities and differences in local framing. Such methods expand the possibilities for monitoring organizational agendas, but the existence of digital text does not in itself prove successful implementation. Web content records public communication; researchers and managers still need additional evidence about decisions, resource allocation, and service outcomes. The methodological insight is that digital traces can complement, rather than replace, administrative and citizen-based evidence.

Digital reform is also a political and organizational process. Branderhorst and Ruijer (2025) highlighted the managerial dimensions of digital leadership, while Clement et al. (2022) framed multi-stakeholder collaboration as an important condition for smart-city development. Together, these findings suggest that local government cannot treat digitalization as procurement followed by public launch. It entails redesigning internal workflows, assigning responsibility for responses, establishing inclusive access routes, and ensuring that elected officials and civil servants understand the new processes.

A useful distinction follows between digitalization, digital participation, and digital public value. Digitalization refers to the use of electronic tools for existing processes; digital participation concerns the opportunities citizens have to exchange information and contribute to decisions; and digital public value concerns the extent to which these changes improve accessibility, trust, responsiveness, or public outcomes. The studies in this review show why movement from the first to the third is not automatic. A sophisticated platform can remain weakly used, inaccessible, or organizationally disconnected. Digital performance should therefore be assessed with both technical measures and governance measures.

Interactions among capacity, participation, and digital transformation

The evidence becomes more explanatory when the three dimensions are examined together. Institutional capacity supplies resources, rules, coordination, and managerial authorization. Participation supplies situated knowledge, a channel for contesting official assumptions, and a potential source of legitimacy. Digital transformation can expand the reach and traceability of these exchanges. Yet each pathway also contains a possible failure point: institutions can formalize participation without acting on it, digital platforms can invite participation without ensuring accessibility, and collaborative networks can concentrate influence among actors with greater resources.

One mechanism is institutional conversion. An invitation to participate produces value only when government possesses the administrative ability and willingness to convert citizen input into feasible decisions. Hofstra and Edelenbos (2026) help explain this conversion through civil-service responsiveness. A second mechanism is informational inclusion: citizens must have understandable and timely information before they can evaluate policy options, while disclosure and trust influence governance perceptions, as demonstrated by Deeod and Kiettikunwong (2026). The third mechanism is technical-organizational alignment, in which new platforms are linked to service responsibilities,

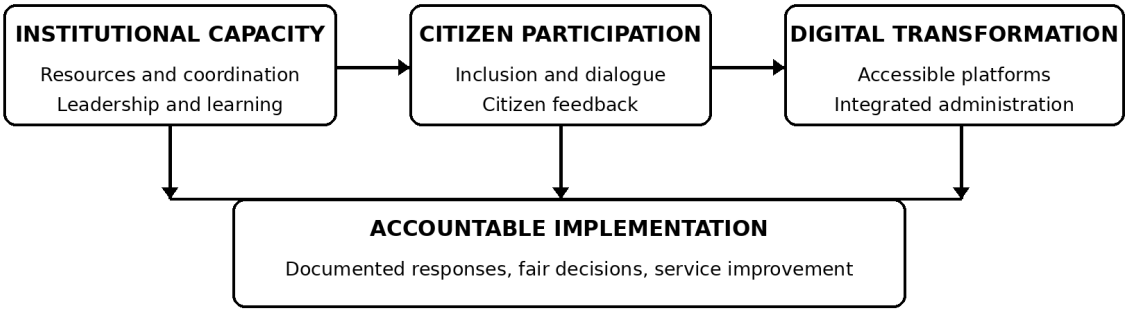
accessible interfaces, and the administrative authority to resolve problems (Chen et al., 2025; He & Homburg, 2026).

The pathways are not always mutually reinforcing. A local government may invest in sophisticated digital systems while neglecting citizens' capacity to use them. It may also widen consultation and slow decisions without creating procedures for resolving disagreements. Aastvedt and Vike (2025) show that co-creation can encounter legitimate institutional boundaries. Lee and Tang (2026) further suggest that collaborative structures must be evaluated through power relations and distributions of benefits, not merely through the existence of networks. Governance quality therefore depends on the design of authority and accountability alongside the expansion of participatory opportunities.

Geographic and socioeconomic contexts modify these relationships. The comparison between rural governance in Thailand and local digital participation in Tanzania suggests that communication networks, literacy, infrastructure, and interpersonal credibility influence how reforms are experienced (Deeod & Kiettikunwong, 2026; Ngowi et al., 2026). In Indonesia, the association between trust and street-level experience highlighted by Hasmin et al. (2026) also points to a practical administrative reality: citizens encounter government not only through digital dashboards or policy statements, but through the behavior of officials and the accessibility of ordinary services. Reform designs that overlook these encounters risk confusing modernization with improved governance.

A further interaction concerns the relationship between experimentation and stability. Innovative platforms and citizen-centred processes may require room to test new approaches, but local administrations must continue delivering essential services and meeting legal duties. Alcaide-Muñoz et al. (2026) demonstrate that the municipal environment matters for innovation, and Nerland et al. (2025) locate transformation within wider systems of incentives and institutional objectives. The relevant policy question is therefore not whether local government should choose innovation over routine, but how it can develop routines that support learning, participation, accessibility, and accountable adjustment.

These propositions lead to an integrated local governance framework illustrated in Picture 1. The proposed model is an analytical synthesis rather than a causal model statistically tested on the 21 studies. Institutional capacity creates enabling conditions for participatory processes and digital service arrangements. Citizen feedback and public information connect these arrangements to local knowledge and public trust. Accountability converts knowledge and dialogue into traceable implementation. Outcomes then provide new information for administrative learning. External political, legal, economic, and technological conditions affect every relationship and may weaken otherwise plausible reform designs.



Picture 1 Integrated Framework of Local Governance

Source: Authors' synthesis of institutional, participatory, and digital-governance mechanisms.

Practical implications and areas of disagreement

The synthesis suggests a diagnostic rather than a template-driven reform agenda. First, local authorities should assess whether their organizational processes can respond to public input. This entails

clear ownership of consultation outputs, response deadlines, reasons for accepting or rejecting proposals, and procedures for following up on unresolved concerns. The emphasis on administrative responsiveness follows Hofstra and Edelenbos (2026), while the Thai transparency evidence indicates why clear communication and trusted intermediaries are part of the governance process (Deeod & Kiettikunwong, 2026).

Second, municipalities should evaluate digital services through distributive and relational criteria. Accessibility testing, alternative offline channels, understandable language, and support for users with limited digital literacy can reduce exclusion. A platform's success should not be defined solely by the number of accounts created or requests submitted. It should also be judged by who gains access, the quality of the administrative response, and whether users can resolve their problems without repeated referrals (He & Homburg, 2026; Ngowi et al., 2026). Citizen-centred innovation should expand voice rather than shift administrative burdens onto the least connected residents.

Third, collaborative governance requires explicit attention to power. Partnership membership should represent groups affected by decisions, explain the roles of public and non-public actors, and make the distribution of resources transparent. Evidence from Lee and Tang (2026), Panday (2026), and Aastvedt and Vike (2025) reveals that formal partnership structures alone are not sufficient. Public accountability continues to matter when governance becomes more networked. Clarifying decision authority can prevent a collaborative initiative from obscuring who is responsible for results.

There are also meaningful differences across the literature. A technological approach may emphasize rapid digital expansion, while inclusive governance perspectives stress the need for non-digital access and trust-building. Co-creation research highlights shared problem solving, whereas institutional analyses emphasize boundaries established by representative democracy and administrative law. Innovation studies often identify enabling organizational conditions, while implementation research reveals the distance between adopting an initiative and securing substantive outcomes. Rather than interpreting these differences as inconsistencies to eliminate, the framework locates them within distinct governance problems and conditions.

The review has three limitations. The bounded search was not based on a comprehensive authenticated Scopus dataset, so coverage and possible publication bias cannot be quantified. Several studies could be assessed through abstracts or accessible excerpts rather than complete published texts, limiting the level of comparison possible across designs. Finally, the included studies differ widely in local autonomy, political institutions, and service sectors; the proposed framework identifies plausible mechanisms and research propositions, not universally valid causal coefficients. Future research should extend the search through database exports, publish a full screening log, and compare the framework using matched local-government cases or longitudinal data.

CONCLUSION

This review synthesized 21 recent peer-reviewed studies to examine how institutional capacity, citizen participation, and digital transformation interact in local governance. The evidence showed that administrative capability shapes whether reforms can be implemented and coordinated; meaningful participation depends on the treatment of citizen contributions after consultation; and digital transformation improves governance only when access, leadership, and administrative processes are aligned. Recurrent constraints included unequal capacity, institutional tensions surrounding co-creation, digital exclusion, and a gap between formal compliance and substantive policy outcomes.

The review proposed an integrated framework in which institutional capacity enabled participation and digital practice, accountable implementation connected these activities to service and policy outcomes, and feedback supported organizational learning. This framework can guide local governments in diagnosing why ostensibly similar reforms perform differently. It also provides a research agenda for testing the relationships among coordination, inclusion, responsiveness, trust, and implementation across contrasting local settings. The scope of inference remains limited by the bounded literature search; an expanded database-assisted systematic review is needed before claims about exhaustive coverage or the prevalence of mechanisms across the wider literature can be established.

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