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Competing Values: Local Administrative Reform and Multiple Dimensions of Local Government Performance

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THE FLORIDA STATE UNIVERSITY
COLLEGE OF SOCIAL SCIENCES

COMPETING VALUES: LOCAL ADMINISTRATIVE REFORM AND MULTIPLE
DIMENSIONS OF LOCAL GOVERNMENT PERFORMANCE

By

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TABLE OF CONTENTS

List of Tables	vi
List of Figures	viii
Abstract	ix
1. INTRODUCTION	1
1.1 Background of the Study	1
1.2 Research Questions	3
1.3 Contribution of the Study	4
1.4 Overview of the Study	6
2. MULTIPLE DIMENSIONS OF MEASURES OF LOCAL GOVERNMENT PERFORMANCE	7
2.1 Overview	7
2.2 Government Performance Measurement: From Outputs to Outcomes.....	7
2.3 Measuring Efficiency, Effectiveness, and Equity with Outcomes	13
2.3.1 Efficiency (Outcome Efficiency)	13
2.3.2 Effectiveness	17
2.3.3 Equity	18
2.3.4 Limitations of Current Performance Indicators	19
2.4 Assessing the Reliability and Validity	20
3. COMPETING VALUES: E- GOVERNMENT AND MULTIPLE DIMENSIONS OF LOCAL GOVERNMENT PERFORMANCE	22
3.1 Overview	22
3.2 Two E-Government Orientations.....	23
3.3 Hypothesis: Different E-Government Initiatives and Performance.....	26
3.4 Research Design	30
3.4.1 Data Collection	30
3.4.2 Measurement	30
3.4.2.1 Dependent Variables	30
3.4.2.2 Explanatory Variables	32
3.4.3 Analytical Procedures	36
3.5 Results	37
3.6 Discussion and Implication	40
3.7 Limitations and Future Study	44
4. COMPETING VALUES: CITIZEN PARTICIPATION INSTIUTIONS AND MULTIPLE DIMENSIONS OF LOCAL GOVERNMENT PERFORMANCE	46
4.1 Overview.....	46
4.2 Institutional Perspective: Different Participation Institutional Mechanisms	47

4.3	Hypothesis: Different Participation Institutions and Performance	51
4.3.1	Direct Democracy Provisions and Administrative Participation Channels.....	52
4.3.2	Direct Democracy Provisions and Performance.....	54
4.3.3	Administrative Participation Channels and Performance.....	55
4.4	Research Design	60
4.4.1	Data Collection	60
4.4.2	Measurement	60
4.4.2.1	Dependent Variables	60
4.4.2.2	Explanatory Variables	61
4.4.3	Analytical Procedures	65
4.5	Results	66
4.6	Discussion and Implication	71
4.7	Limitations and Future Study	74
5.	COMPETING VALUES: LOCAL SERVICE CONTRACTING OUTAND MULTIPLE-DIMENSIONS OF LOCAL GOVERNMENT PERFORMANCE	77
5.1	Overview.....	77
5.2	Theoretical Backgrounds: Effective Contracting and Performance	78
5.2.1	Scope of Contracting	79
5.2.2	Contractors' Sector Affiliation.....	81
5.2.3	Market: Competition	84
5.2.4	Contracting Management Capacity	85
5.2.5	Environment	88
5.3	Research Design	90
5.3.1	Data Collection	90
5.3.2	Measurement	90
5.3.2.1	Dependent Variables	90
5.3.2.2	Explanatory Variables	91
5.3.3	Analytical Procedures	94
5.4	Results	95
5.5	Discussion and Implication	100
5.6	Limitations and Future Study	103
6.	CONCLUSION	105
	REFERENCES	110
	BIOGRAPHICAL SKETCH	133

LIST OF TABLES

2.1	Examples of Strategic Goals of City Government.....	11
2.2	The Efficiency Dimension of Local Government Performance	16
2.3	The Effectiveness Dimension of Local Government Performance	17
2.4	The Equity Dimension of Local Government Performance	19
3.1	The Integrative E-government Framework and Examples	25
3.2	Factor Analysis for Dependent Variables (E-government)	31
3.3	Factor Analysis for Independent Variable (E-government).....	33
3.4	Explanatory Variables (E-government)	35
3.5	Descriptive Statistics of Variables (E-government)	36
3.6	Correlation Matrix (E-government).....	38
3.7	OLS Regression Results (Adoption of E-government)	39
3.8	OLS Regression Results (Performance of E-government)	40
4.1	Different Types of Participation Institutional Mechanisms.....	50
4.2	Factor Analysis for Dependent Variables (Citizen Participation)	61
4.3	Factor Analysis for Independent Variable (Citizen Participation)	62
4.4	Explanatory Variables (Citizen Participation)	64
4.5	Descriptive Statistics of Variables (Citizen Participation)	65
4.6	Correlation Matrix (Citizen Participation).....	67
4.7	OLS Regression Results (Mediation Analysis: Step 2).....	68
4.8	OLS Regression Results (Step 1,3)	69
4.9	Total Effects of Citizen Participation Institutions	70
5.1	Factor Analysis for Dependent Variables (Contracting out)	91

5.2	Explanatory Variables (Contracting out).....	93
5.3	Descriptive Statistics of Variables (Contracting out).....	94
5.4	Correlation Matrix (Contracting out).....	96
5.5	OLS Regression Results	97
5.6	Heckman Selection Results	99

LIST OF FIGURES

2.1	Oregon Strategic Plan	9
2.2	Florida Strategic Plan: <i>Six Pillars™</i>	10
2.3	Local Government Functions and Community Outcomes	12
2.4	Logical Chart between Government Activities and End Outcomes	12
2.5	Reliability and Validity	21
4.1	Citizen Participation Institutions and Local Government Performance	51
5.1	Public Contracting and Local Government Performance	89

ABSTRACT

Over the past several decades, governments have carried out many public administration reforms in order to enhance public sector performance. However, the focus of the research on administrative reforms has been on their adoption and implementation, while their impacts have rarely been carefully tested. At the local level, various reforms are designed, reflecting multiple and sometimes competing values. This study empirically examines the impacts of three major local administrative reforms--e-government, citizen participation and contracting--on three dimensions of local government performance (efficiency, effectiveness, and equity). For the empirical tests, this study carefully reviews the prior studies and measures the three local administrative reforms and their dimensions with data from several national surveys. This study also objectively measures multiple performance variables based on open archival sources, improving on prior studies that largely focused on internal outputs or a single performance dimension. This study finds that (1) three reform areas are usually not associated with efficiency; (2) e-management and administrative participation channels are positively associated with effectiveness; and (3) e-democracy and administrative participation channels are positively associated with equity.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Over the past several decades, a number of reform programs have been implemented to improve public service performance such as efficiency, effectiveness and equity. Major research streams have dealt with reforms at the federal, state and local levels. Among the different levels of government, local governments have executed a variety of reform policies to improve the quality of local public services or to legitimize administrative decision-makings. The scholarly focus of local administrative reform has been on the adoption and implementation of the reform programs, while their substantive impacts have been rarely explored (Fernandez 2007; Neshkova and Guo 2011; Yang and Rho 2007). A literature points out the lack of empirical studies on the impact of local administrative reforms. Light (2003, p. 6) states, “the acceleration and variety of reform appears to be related to the lack of hard evidence of what actually works in improving government performance”. This study seeks to fill the empirical gaps of extant studies which have relied on normative and case studies or limited empirical analyses. It empirically tests the impact of local administrative reform on multiple government performance dimensions.

Existing empirical studies have been limited in conceptualizing local administrative reform and measuring the local government performance in terms of competing values. Local bureaucracies are vulnerable to multiple stakeholders’ pressures, which forces local managers to simultaneously seek competing goals (Chun and Rainey 2005; Pandey and Wright 2006; Waterman Rouse and Wright 2004). For example, e-government initiatives, citizen participation mechanisms and local service contracting out are representative of local administrative reforms. They may produce different outcomes because of the complexity surrounding local bureaucracy. In e-government initiatives, online government procurement systems are designed to increase the efficiency of local bureaucracy in response to local business groups, but civic associations request local governments to launch online participatory tools in order to increase democratic outcomes. Likewise, contracting out may be used to reduce the cost of service delivery (economy or efficiency) while public participation mechanisms are adopted to ensure more citizen input in administrative and political processes (democracy or equity). Despite the competing values, prior

studies have not effectively conceptualized the dimensions of local administrative reforms which lead to different outcomes in terms of competing values. This study carefully conceptualizes the different types of local administrative reforms and empirically examines their effects on multiple performance dimensions.

On the other hand, prior studies have had a few methodological problems in assessing the success of local administrative reforms. A methodological limitation is failing to measure the external outcomes of reforms that reflect competing values. Some studies did mention different performance measures such as efficiency, effectiveness and equity in e-government, citizen participation and contracting. The problem is that scholars probably recognized the existence of multiple dimensions, but they have not measured them externally or objectively in a quantitative model. The systems theory argues that operations in organizations are composed of 'input-process-output', and output is the consequence of human activities in input and process (Boyne 2002). If local administrative reform programs are designed to achieve various values, they produce different outputs. However, current output measures are insufficient for operationalizing various dimensions of local government performance. Output measures focus on the internal consequences of government activities and do not capture societal benefits achieved by public reforms. Furthermore, most studies have tapped into a single dimension of government performance rather than developing multi-dimensional measures in investigating the impact of local administrative reform on government performance. The lack of external multiple performance dimensions creates difficulty in fully understanding the effects of local administrative reforms.

Another limitation is the lack of sophisticated data. In prior studies, government performance has been primarily measured by perceptual indicators collected from public employees' self-reported surveys (Boyne 2003; Chun and Rainey 2005; Yang, Hsieh, and Li 2009). Despite the popular use of surveys, subjective measurement has not been free from the criticism of low reliability and validity. Lee, Bryan and Johnson (2011) examined 243 empirical studies using survey data out of five top public administration peer-reviewed journals and found that most articles did not report the coverage, sampling, measuring and process errors in the survey research designs. This study posits that prior empirical studies may be weak or biased in providing scientific evidence. For instance, although the National Administrative Studies Projects (NASP) had robust survey designs, they are still not free of biases such as the common

source bias and the social desirability bias. Furthermore, accessibility is often limited for the replication of research.

A few studies on English local government performance have used objective performance measures provided by local agencies. They do not focus on or study e-government, citizen participation and contracting out. Meier and O'Toole's work has attempted to reevaluate the conventional wisdoms of the New Public Management (NPM) by objectively measuring organizational performance in the United State (Meier and O'Toole 2009). Meier and O'Toole sought to answer important questions of public management reforms such as contracting out and networking, utilizing the performance indicators¹ of the Texas School Districts. Even though their efforts contribute to evidence-based public management, the Texas School Districts data may not be generally applicable to other settings since they are confined in educational policy within the state of Texas. Furthermore, these studies do not examine the same independent variables as does this dissertation. In order to develop more generalized theories, public administration studies should begin to build rigorous datasets which can cover a large number of public policies and regions to further our knowledge on the impact of local administrative reforms.

1.2 Research Questions

This study presents several research questions regarding the performance of local administrative reforms. Through extensive literature review, it focuses on three types of local administrative reform: e-government, citizen participation and local service contracting out. This study also conceptualizes the types of e-government and public participation mechanisms based upon competing values. First, prior e-government studies have examined what outcomes digital technologies produce (Lim and Tang 2007; Danziger and Anderson 2007; Morseson and Pertresc 2011; Welch, Hinnant and Moon 2005; West 2006). Such studies have found that e-government improves managerial effectiveness, the quality of public service, and trust in government through surveys. However, few studies have empirically investigated what actual outcomes e-government yields in terms of competing values with large N datasets. This study

¹ For example, students' test scores and dropout rate are used to measure organizational performance in the Texas School district.

argues that local governments establish different types of e-government systems, reflecting various values. For example, e-technologies can be used to improve internal managerial practices, but they can also be designed to increase citizen participation in political and policy processes. To explore the consequence of different e-government orientations, this study asks the following question: ‘how do different e-government orientations affect multiple performance dimensions?’

Likewise, prior studies on citizen participation mechanisms have focused on why and how governments design public participation mechanisms (Arnstein 1969; Ebdon 2000; Irvin and Stansbury 2004; Robert 2004; Tomas 1990). This study argues that government adopts citizen participation institutions because citizen involvement is normatively desirable in legitimizing government decision-making. In spite of their normative benefits, citizen participation mechanisms’ practical outcomes have been rarely examined in a large-N empirical study. From the institutional perspective, participation mechanisms at different institutional levels exist in administrative or policy processes and may produce different outcomes. To examine the outcomes produced by different participation institutions, this study asks: ‘how do different types of participation institutions affect multiple dimensions of local government performance?’

Lastly, prior studies on contracting management have identified the factors which may improve contracting performance such as contractors’ sector affiliation, competitive market, and contracting capacities (Brown and Potoski 2003; Lamothe and Lamothe 2009; Whitesman and Fernadndez 2012). However, few studies have investigated how such success factors influence multiple performance dimensions such as efficiency, effectiveness and equity. This study asks: ‘how do those success factors identified in prior contracting studies affect multiple dimensions of local government performance?’ This research aims to overcome theoretical limitations of prior contracting studies by discovering the contracting elements which affect particular values of government performance.

1.3 Contribution of the Study

To answer the questions suggested above, this study carefully conceptualizes local administrative reform and rigorously measures multiple dimensions of local government

performance produced by three types of local administrative reform practices (e.g. contracting out, e-government and citizen participation). Specifically, e-government initiatives and citizen participation institutions are respectively conceptualized by two types of models and mechanisms (e.g. e-government: e-management VS e-democracy, citizen participation: direct democracy provisions VS administrative participation channels). Several elements of local service contracting (e.g. scope, sector affiliation, management capacity, competition, and environment) are provided as success factors that improve multiple outcomes of local service performance.

Departing from the common methodologies used in the past literature, this study provides a different approach by measuring local government performance from a multi-dimension perspective and using societal outcome measures constructed from objective data. Economic and democratic values are conflicting dimensions that public bureaucracy is expected to simultaneously achieve. This study measures the dimensions of efficiency, effectiveness and equity to show that the public sector performance is composed of not unitary but multiple dimensions. Moreover, this study employs community (societal) outcomes by using objective data from open sources such as the U.S. Census to evaluate the societal impacts of local administrative reforms.

Through the research design, this study makes theoretical and methodological contributions to current public management study. Theoretically, it proposes the competing value approach in the study of public administration reform. Quinn and Rohrbaugh (1983) suggest a competing value framework that assesses multiple dimensions of organizational effectiveness. The framework explains that the effectiveness of organizational managerial practices is composed of multiple dimensions. Likewise, the impacts of public administrative reforms can be evaluated in various ways that reflect competing stakeholders' preferences. Societal outcomes are appropriate in connecting external stakeholders' needs to government reforms. This study accounts for why various reforms are designed to embody particular values and discover that the reforms are associated with different values (e.g. efficiency, effectiveness and equity) of local government performance. Scholars and practitioners can acquire meaningful theoretical implications from this study about how they can design, implement and evaluate public administration reforms to embody various values.

Methodologically, this study contributes to the quantitative studies of public administration. It objectively measures multiple dimensions of government performance from societal outcomes with large samples. Objective measuring external outcomes of public reforms can provide more meaningful evidence in evaluating the consequences of local administrative reforms. It overcomes the limitations of prior empirical studies that have internally or subjectively measured government performance by accurately evaluating societal benefits of public management through objective datasets. Future studies can examine the impacts of public management practices on public sector performance by taking advantage of the performance measures employed by this study.

1.4 Overview of the Study

This dissertation will proceed as follows. The second chapter provides new measures of multiple dimensions of local government performance, assessing the reliability and validity of new performance measures. Following chapter 2, several chapters conceptualize the aspects of each local administrative reform and propose a series of hypotheses that examine the impact of such reforms on the competing dimensions of local government performance. In particular, Chapter 3 conceptualizes the development of e-management and e-democracy and empirically tests the relations between the two developments and multiple performance dimensions. Chapter 4 conceptualizes two types of participation institutional mechanisms in administrative or policy processes and empirically tests how such different mechanisms affect the multiple performance dimensions. Chapter 5 empirically tests the impact of success factors identified in prior contracting studies on the efficiency, effectiveness and equity of local government performance. Finally, Chapter 6 provides overall results and implications of this study.

CHAPTER TWO

MULTIPLE DIMENSIONS OF MEASURES OF LOCAL GOVERNMENT PERFORMANCE

2.1 Overview

A number of studies have conceptualized various dimensions of organizational performance in the public sector (Andrews & Entwistle, 2010; Andrew, Boyne, and Walker 2006; Boschken 1992; Boyne 2002, 2003; Boyne et'al 2006; Brewer and Selden 2000; Dubnick 2005; Kelly and Swindell 2002; Marin and Smith 2005; Kim 2004; Thomas and Poister 1999). Among the dimensions, efficiency, effectiveness, and equity are three critical yet sometimes competing ones. Several prior studies have conceptualized efficiency, effectiveness and equity as dimensions of organizational performance (Andrews & Entwistle, 2010; Boyne 2002, 2003; Brewer and Selden 2000; Kim 2004), but they do not objectively measure them. Most of them rely on perceptual data collected by surveys. Even though some studies find that perceived performance measures have strong positive correlations with objective measures (Dess and Donald 1984; Bommer et al. 1995), many other studies discover that there is little association between them (Boyne et'al 2006; Kelly and Swindell 2002).

This study attempts to objectively measure the efficiency, effectiveness and equity of community outcomes from archival sources to resolve the limitations of the subjective indicators. A number of datasets are used, including the U.S. Census of Local Government Finance 2007, U.S. Census of Government Employment and Payroll 2007, U.S. Census American Community Survey 2010-5 year estimate, U.S. Census of Population 2000, 2010 and the FBI Uniform Crime Rate 2007. The following sections will define the three performance dimensions, explain how they are measured in this article, justify the measures, and note their limitations.

2.2. Government Performance Measurement: From Outputs to Outcomes

Before discussing how efficiency, effectiveness, and equity each should be measured, it is worth explaining a general trend that has affected how governments measured the three dimensions. This trend is the increasing emphasis on results/outcomes over inputs, processes,

and outputs. While this trend probably started with the efforts on the programmed planned budgeting systems (PPBS) in the 1960s and the zero-based budgeting afterwards (McDavid and Hawthorn 2006), it started to become more salient since the 1990s.

In 1993, the Government Performance and Results Act (GPRA) was enacted and it mandated results-based management in U.S. federal departments and agencies. GPRA placed a particular emphasis on outcomes instead of outputs because its primary purpose was to increase citizens' trust in government. In implementing GPRA, GAO (2002) tried to specify the steps that could be taken:

“First, agencies need to clearly articulate their missions in the context of statutory objectives and, with regard to services, citizen expectations. These objectives need to be written in terms that can be used to judge progress toward achieving them. It is essential that agreement be reached between Congress, the Office of Management and Budget, and the executive agencies on realistic, outcome-oriented goals if they are to use the data to assess progress.”

The focus on outcomes continued in the performance efforts of the Bush and Obama administrations. For example, the Program Assessment Rating Tool (PART) under Bush used 25 questions to measure federal programs' performance. Some sample questions included:

- Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program?
- Are budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?
- Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year?

Similarly, state and local governments have increasingly emphasized the use of outcomes in measuring government performance or progress toward their strategic goals. The Oregon Benchmarks, for example was a comprehensive performance measurement system that captured the progress of the strategic vision of the state. The system provides important outcome indicators related to state residents' substantive wellness. Established in 1988 as a statewide economic planning initiative, it evolved into a comprehensive strategic plan with a number of outcome indicators that should be managed by governments to reach community prosperity for resident wellness. The system requires governments to manage outcomes measures across seven

policy areas (e.g., economy, education, civic engagement, social support, public safety, community development, and environment) to achieve three strategic goals (quality jobs; safe, caring and engaged communities; and healthy, sustainable surroundings). The strategic plan has been acknowledged and adapted by many state and local governments to connect their internal activities to external outcomes that benefit residents’ quality of life. Figure 2.1 summarizes its vision, goals, and performance benchmark areas:

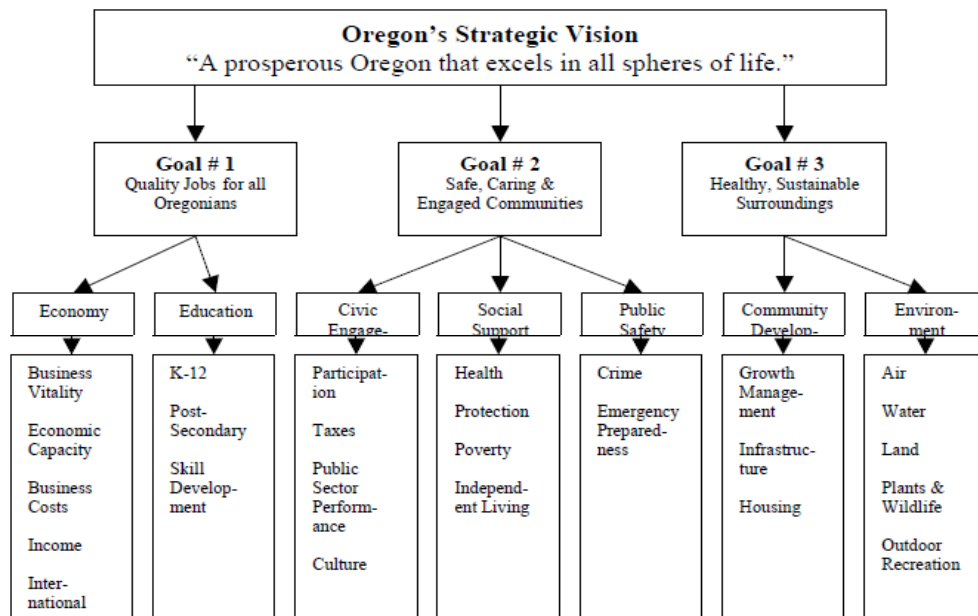


Figure 2.1: Oregon Strategic Plan

Source: Young (2005). An Overview: Oregon Shine 2 and Oregon Benchmarks, p. 4.

Florida has also developed its strategic plan (*Six Pillars™*). Initiated by the Florida Chamber of Commerce in 2009 as a statewide economic plan to achieve vibrant communities enjoying prosperity and high-paying jobs, it was adopted as a statewide strategic plan by the Florida state government. The strategic plan measures and manages broad community outcomes across 6 policy areas (e.g. six pillars: talent & supply chain, innovation & economic development, infrastructure & environment, business climate, civic & governance, quality of life and place). The strategic goals were managed by a performance information system

(FloridaScorecard) and the six pillars communities program. A number of community outcome indicators are measured by the FloridaScorecard and are reported to state and local agencies or community groups. The six pillars communities program was also developed to help a county or regional governments adopt the six pillars strategic plan as the framework for developing and communicating their own local strategic plan. Several local governments in Florida are adopting the six pillars plan (e.g., Jackson, Columbia, Palm Beach, Marion, Broward, Collier and Lee counties) to connect their local strategic plans to statewide strategic goals. Figure 2.2 displays the policy areas of six pillars and community outcomes measured within the strategic goals.

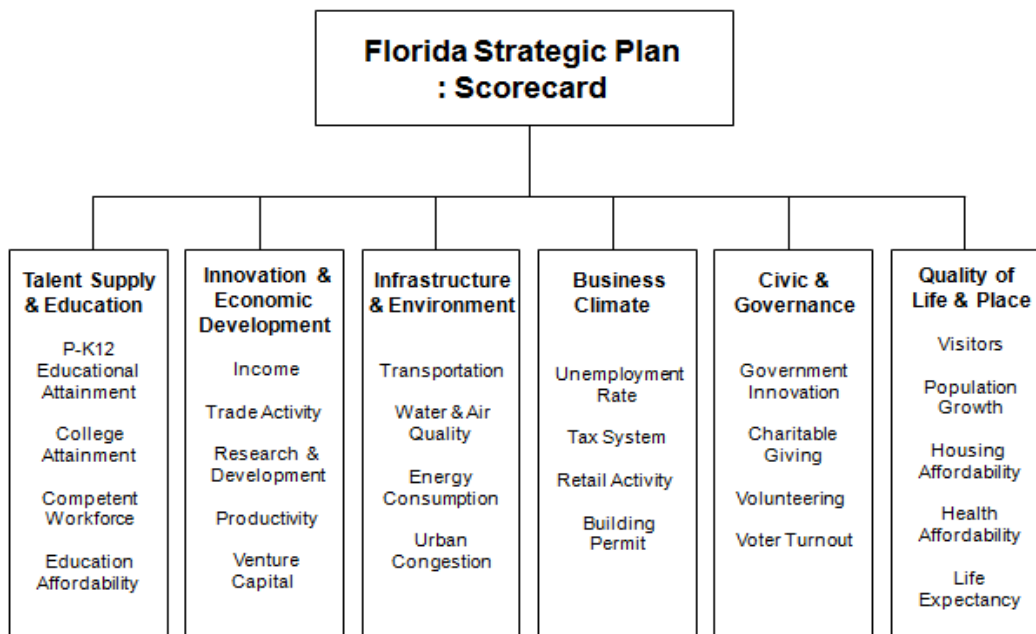


Figure 2.2: Florida Strategic Plan: *Six Pillars*TM

Source: The figure was created by author from the FloridaScorecard (<http://www.thefloridascorecard.com/>)

Despite the wide use of outcome measures at the federal and state levels, a notable issue is that outcome measures are often partially influenced by a local government or a government agency/program. That is, the causal link between the government/agency/program and the outcomes is more uncertain than the link between government/agency/program and the outputs. Nevertheless, these outcomes represent desirable social conditions accomplished by particular

public policies and services, and the improvement of such societal outcomes is a primary goal of governmental activities (Poister 2003). Despite the problem of partial influence, many local governments try to improve such societal outcomes, as reflected in their strategic planning. For example, Table 2.1 below shows examples of strategic goals managed by three city governments.

Table 2.1: Examples of Strategic Goals of City Governments

Charlottesville, NC	Evanston, IL	Phoenix, AZ
Economic sustainability	Vibrant, diverse local economy	Economic development and education
Equal housing opportunities	Well-maintained housing	Financial excellence
Center for lifelong learning	Promotion of job skills for residents	Infrastructure
Healthy living environment	High-quality infrastructure and facilities	Neighborhoods and livability
Green city	Protection of natural resources	Public safety
Smart, citizen-focused government	Safety and accessibility	Sustainability

Sources: <http://www.charlottesville.org/Index.aspx?page=92>

<http://www.cityofevanston.org/government/strategic-plan/>

<http://phoenix.gov/citygovernment/strategicplan/index.html>

Needless to say, the causality issue and other shortcomings of outcome measures have been recognized by scholars in public performance management (McDavid and Hawthorn 2006; Radin 2000). Nevertheless, many assert that outcome measures such as societal indicators should be considered in evaluating government programs (Kloby and Callahan 2009; Posavac and Carey 2003; Schachter 2007). Unlike internally oriented measures, achievement of social outcomes enhances public managers' external accountability by satisfying a wide variety of community stakeholders in the evaluation of government programs. Elected officials and citizens are particularly interested in such societal indicators because they are related to their substantive well-being and are less interested in technical information on outputs.

To overcome the shortcomings of outcome measures, one solution proposed by researchers is to use the Logic Models, which logically describes how the outputs produced by public services and policies enhance community outcomes (Kloby and Callahan 2009; Poister

2003). Figures 2.3 and 2.4 show examples of the causal relationships between local government functions and community outcomes in this study.

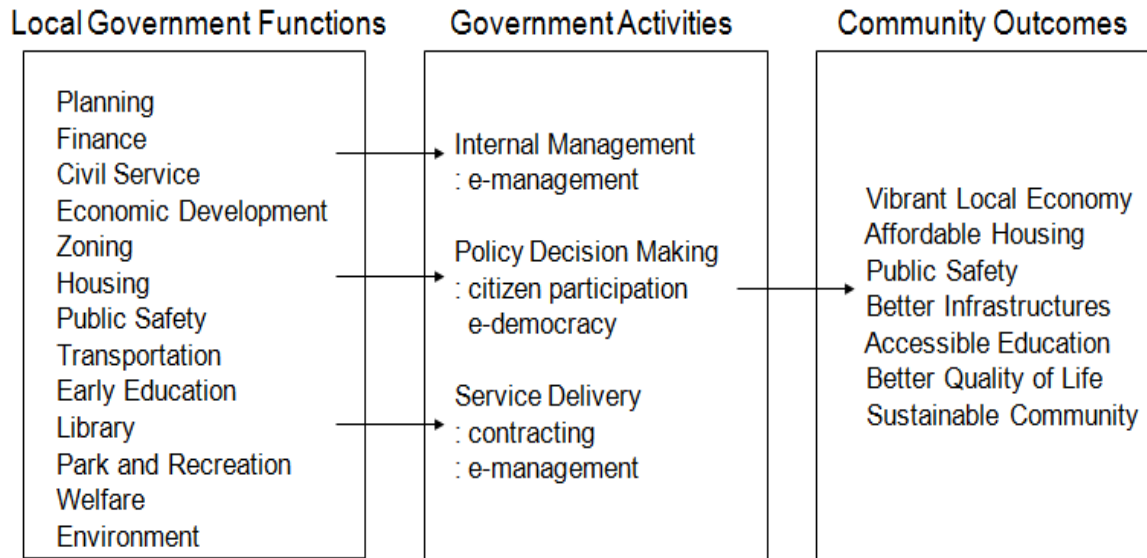


Figure 2.3: Local Government Functions and Community Outcomes

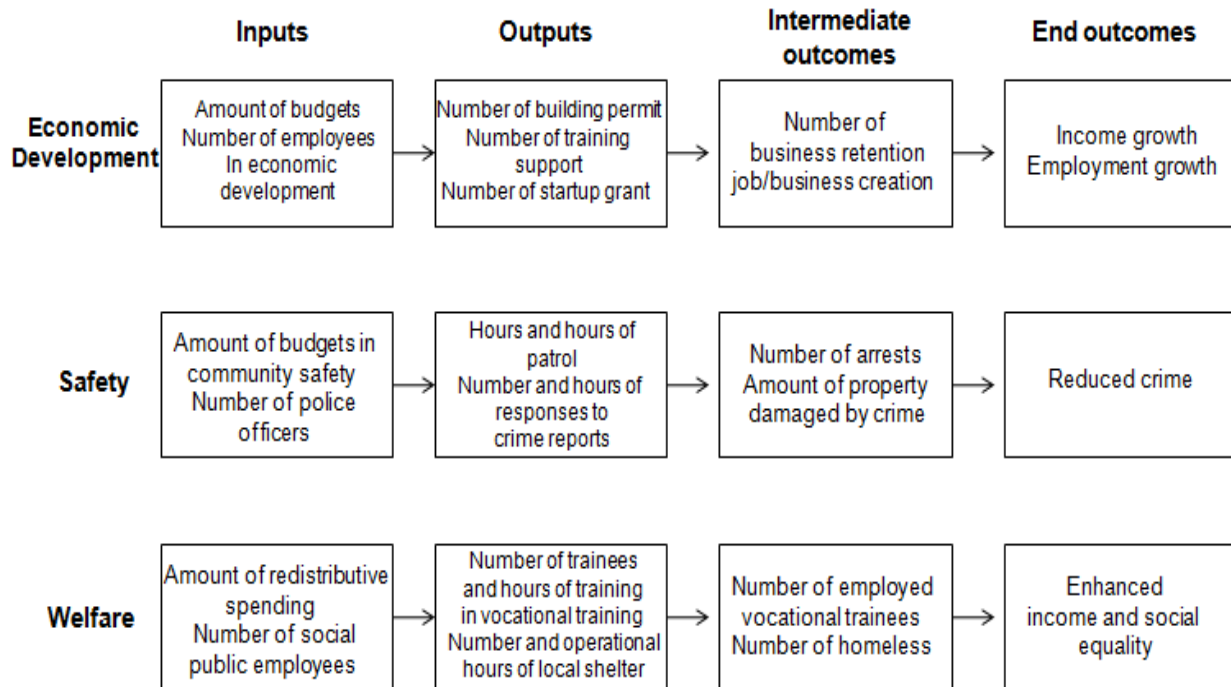


Figure 2.4: Logical Chart between Local Government Activities and End Outcomes

The other solution, as practiced by most governments, is to simultaneously use inputs, processes, outputs, and outcomes in their performance measurement system. The Government Accounting Standards Board's (GASB) Service Efforts and Accomplishments (SEA) reporting, for example touches on this issue. GASB is the independent agency that was established to improve the standards of financial and accounting reporting for U.S. state and local governments. It has wide influence among local governments. GASB specifies that SEA reporting is as follows:

“This type of reporting includes information about the acquisition and use of resources, the *outputs* and *outcomes* of the services provided and the relationship between the use of resources (costs) and those outputs and outcomes—what may be referred to as efficiency measures (cost-output and cost-outcome) of performance. A variety of measures are needed to assist citizens, elected officials, and other interested parties (collectively referred to as “users”) in assessing governmental performance. These measures include: measures of service efforts (inputs), measures of service accomplishments (outputs and outcomes), and measures that relates service efforts to service accomplishments (cost-outputs and cost-outcome).”

Source: <http://www.seagov.org/aboutpmg/index.shtml>

As I will show below, effectiveness and equity are often related to outcome measures, so the distinction between outputs and outcomes is not a big issue. However, efficiency is traditionally referred to as related to outputs, while more recently local governments have started differentiating efficiency as related to outputs from efficiency as related to outcomes. I will explain more below, but would like to note here that I will use the efficiency measure as related to outcomes because of the performance movement's emphasis on outcomes over outputs. But I will also note that our results will not be able to explain efficiency as related to outputs.

2.3. Measuring Efficiency, Effectiveness, and Equity with Outcomes

2.3.1 Efficiency (Outcome Efficiency)

There are several types of efficiency measures such as technical, allocative, and economic efficiency (Farrell 1957; Ouattara 2012). Technical efficiency indicates that an organization has no likelihood to increase outputs unless it increases inputs. For example, Boyne (2002, p. 17) states “Technical efficiency refers to the cost per unit of output (for example,

providing an hour of teaching, or collecting a ton of refuse)". Other scholars have conceptualized technical efficiency by defining it as the extent to which government produces a given output with the least possible use of resources (Hatry 1978; Poister 2003). To achieve technical efficiency, an organization should increase outputs without increasing inputs or should decrease inputs to produce the same amount of outputs. Allocative efficiency means that the price of a service or product equals the marginal cost (A value that consumers put on the service or product) of a service or product. Allocative efficiency is maximized when goods and services are optimally distributed. Economic efficiency occurs when the production costs of outputs is as low as possible by achieving technical and allocative efficiency.

Prior public management studies have primarily focused on technical efficiency to measure the efficiency of public services. Pina and Torres (2000) argue that technical efficiency is more adequate than allocative or economic efficiency to assess the efficiency of non-profit organizations outside the market. As aforementioned, however, traditional technical efficiency measures are focused on outputs, which are more appropriate for manufacturing or traditional public services. As McDavid and Hawthorn (2006) point out:

"Because local governments before World War II generally included services where both costs and results were relatively easy to measure (services like roads and streets maintenance, sewer, and water supply and distribution, and waste removal), it was relatively easy to calculate efficiency ratios--cost per lane mile of streets maintained, for example." (p.284).

However, as they note, while output efficiency is still important, recent efforts have emphasized the efficiency of governments in producing outcomes or in delivering what taxpayers desire for. Many scholars have expressed doubt about the concept of public sector efficiency as separate from external outcome measures (Schachter 2007; Posavac and Carey 2003). As they criticize, the scientific management and New Public Management (NPM) only emphasize internal efficiency by considering the input/output ratios of government activities. Program evaluation studies have addressed the limitations of the internal orientation that focuses on outputs; they suggest that government program efficiency can be assessed fairly by using cost-effectiveness analyses that consider the extent to which governments produce similar external outcomes with fewer internal resources (Levin and McEwan 2001; Forsythe 2001).

The Government Accounting Standard Board (GASB) refers to two types of efficiency measures in SEA reporting. Below is taken directly from GASB Concepts Statement No.

5, *Service Efforts and Accomplishments Reporting*, an amendment of Concepts Statement 2

“Measures that relate service efforts to service accomplishments

Efficiency measures that relate service efforts to outputs of services— These measure the resources used per unit of output or the cost per unit of output. They provide information about the production of an output at a given level of resource use and demonstrate an entity’s relative efficiency when compared with previous results, internally established goals and objectives, generally accepted norms or standards, or results achieved by similar jurisdictions. For example, efficiency measures may include the cost per lane-mile of road maintained (or more specifically, resurfaced or seal-coated).

Efficiency measures that relate service efforts to the outcomes or results of services —These measures report the resources used per unit of outcome or result, or the cost per unit of outcome or result. They relate costs and results so that management, elected officials, and the public can begin to assess the value of the services provided by an entity. For example, efficiency measures may include the cost per lane-mile of road maintained in good or excellent condition.²”

Similarly, Hatry (2001) defines two types of efficiency as follows:

“Efficiency or unit-cost ratio is the relationship between the amount of input (usually dollars or employee-years) and the amount of output or outcome of an activity or program. If the indicator uses outputs and not outcomes, a jurisdiction that lowers unit cost may achieve a measured increase in efficiency at the expense of the outcome of the service.” (p.19)

Hatry (2006) also points out the measure of efficiency:

“Unit-cost ratios that relate expenditures to physical outputs have been common in public agencies for years. The trouble with input-to output ratios is they can be improved by reducing the quality of the output. If outcomes are tracked, a considerably more accurate indicator of true efficiency becomes possible.” (p. 7)

From this point on, the first GASB efficiency measure is referred to as output efficiency and the second GASB efficiency measure is called outcome efficiency. This dissertation will focus on the latter because of the importance of measuring outcomes. Given that the goals of government programs are to increase societal benefits, cost-effectiveness is measure of government efficiency that is more relevant to government's external stakeholders such as

² Source: http://www.seagov.org/concepts_statements/elements.shtml

elected officials, citizens and the media. This study measures outcome efficiency (table 2.2: cost-effectiveness) by using the ratio of community outcomes to local inputs (per-capita expenditure and employees). These measures represent the extent to which local governments achieve the desired societal outcomes with the least investment of financial and human resources.

Table 2.2: The Efficiency Dimension of Local Government Performance

	Performance Indicators	Reference/Source
Literature	The extent to which government produces a given output with the least possible use of resources	Poister (2003), Hatry (1978)
	Cost per unit of outputs (e.g. cost per gallon of water)	Boyne (2002)
	The change rate of total local full/part time employment between 1997 and 2002	Fernandez, Smith and Wenger (2006)
This study	Cost-effectiveness (the ratio of community outcomes to input)	Census Finance, Census Employment
	Inputs: standardized ³ per capita local expenditures and employment in 2007	
	Outcomes: Societal (Community) Outcomes	
	Economic Outcomes: Unemployment rate in 2010	Census American Community
	Per capita personal income in 2010	Census American Community
	Education Attainment: Percentage of population with high school diploma in 2010	Census American Community
	Quality of Life: Violent crime rate in 2007	FBI Universal Crime Report 2007
Homeownership rate in 2010	Census American Community	
Population growth rate between 2000 and 2010	U.S. Census Population, 2000,2010	

Footnotes: Census Finance: U.S. Census of Local Government Finance 2007

Census Employment: U.S. Census of Government Employment and Payroll 2007

Census American Community: U.S. Census American Community Survey 2010-5 Year Estimate

³ Due to the different unit values between local expenditure (\$) and employment (number), the following formula is used to standardize per capita local expenditure and employment. The unit values of dollar and number are standardized between 0 and 100. O’Sullivan and Rassel (2002) developed the formula to standardize the different unit values such as unemployment rate, educational level, income, and poverty in evaluating municipal outcomes.

$$(X_i = \frac{(Y_i - Y_{min})}{(Y_{max} - Y_{min})} * 100)$$

Y_i : Actual value in a city, Y_{max} : Maximum value among total city, Y_{min} : Minimum value among total city

2.3.2 Effectiveness

Effectiveness has been operationalized in various ways. Generally, effectiveness is defined as the extent to which particular organizational goals and objectives are achieved (Boyne 2002 2003; Foltin 1999; Thomas and Poister 1999). In practice, it is often measured by the quality and quantities of end products (output, outcomes) of public services (Boyne 2002). This study measures effectiveness of local government by a variety of community (societal) outcomes indicators. This study (Table 2.3) collects community outcome indicators from the US Census of population 2000 and 2010, the US Census American Community Survey 2010-5 year estimate and the FBI Crime Report 2007. Such archival datasets are reliable and accessible sources of societal or community indicators.

Table 2.3: The Effectiveness Dimension of Local Government Performance

	Performance Indicators	Sources
Literature	Definition: the extent to which goals are achieved	Boyne (2002)
	: Quality and quantities of end products (output, outcomes)	Thomas and Poister (1999)
	Financial performance: per capita revenue	Krishnakumar. M.S. (2010)
	Economic performance: unemployment rate, per capita personal income.	Ammar et' al (2001)
	Educational attainment: high school graduate rate within a local community	Jeffrey (1997)
	Quality of Life: net migration, homeownership rate, crime rate	Stallmann and Deller, (2011)
This Study	Economic Outcome	
	Unemployment rate in 2010	Census American Community
	Per capita personal income in 2010	Census American Community
	Educational Attainment	Census American Community
	Percentage of population with high school diploma	Census American Community
Quality of Life	Population growth rate between 2000 and 2010	U.S. Census Population, 2000,2010
	Violent crime rate in 2007	FBI Universal Crime Report 2007
	Homeownership rate in 2010	Census American Community

Footnote: Census American Community: U.S. Census American Community Survey 2010-5 Year Estimate

Prior studies have measured economic outcome, educational attainment and quality of life as government performance indicators within a community (Ammar et' al 2001; Jeffrey 1997; Stallmann and Deller, 2011). Economic outcomes describe economic conditions within a

local government. This study measures unemployment rate and per capita personal income to measure local economic performance. Education attainment is an outcome that shows the educational performance of local government and is measured by the percentage of population with high school diploma. Finally, the quality of life indicators represent the outcomes of entire local policies or services. As a result of various public programs, the quality of residents' life varies. Local residents are satisfied with the quality of their lives when they feel secure from crimes and have stable housing. They leave the community when they are dissatisfied with the quality of life of the community (Kloby and Callahan 2009). This study selects population growth rate, crime rate, and homeownership to measure the quality of life.

2.3.3. Equity

Social equity has been an important topic in public administration and policy (Frederickson 2010). Equity is defined as the fairness of the distribution of service costs and benefits among different societal groups (Boyne 2002, 2003, Boyne et' al 2006). In the study of performance measurement, equity is measured by the extent of the distribution and coverage of end product of services. A few studies have used equity measures in examining the impact of organizational practices on public agency performance (Andrews and Entwistle, 2010; Avellaneda, 2008; Peterson 1981; Smedley and Alvarez 2008; Stallmann and Deller, 2011). Following such studies, this study collects equity indicators of local government performance from the U.S. Census data. For instance, redistributive spending⁴ measures the amount of public expenditures used to benefit disadvantaged groups (Peterson 1981). Poverty rate and Gini Index are selected to measure income inequality (Stallmann and Deller, 2011). This study obtains the actual values of municipal Gini Index from the Census American Community Survey without calculating the index. In addition to economic inequality, the coverage of education and minority employment are respectively measured by the percentage of eligible young population enrolled in schools and local unemployment from ethnic minority groups (Andrews and Entwistle, 2010; Avellaneda, 2008; Smedley and Alvarez 2008). Table 2.4 below shows the equity performance indicators used by prior studies and this study

⁴ Peterson (1981) provides three types of local spending: (1) redistributive (welfare, public housing, health services, and education) (2) developmental (highways, streets, transportation, and airports) (3) allocational (fire protection, corrective services, sewerage, and solid waste).

Table 2.4: The Equity Dimension of Local Performance Government

	Performance Indicator	Reference/Source
Literature	Definition: the extents of distributions and coverage of end products of services	Boyne (2002, 2003)
	Redistributive spending	Peterson (1981)
	Poverty rate, income distribution	Stallmann and Deller, (2011)
	% eligible children who actually enroll to receive education	Avellaneda, 2008
	% uninsured local residents	Smedley and Alvarez (2008)
	% local government staff from minority ethnic groups	Andrews and Entwistle, (2010)
This Study	Per capita redistributive spending in 2007	Census Finance
	Income equality (local government Gini index):	Census American Community
	Family poverty rate: percentage of family below poverty line	Census American Community
	Coverage of education: percentage of educational enrollment under 21 years population	Census American Community
	Minority employment: unemployment rate of African American group	Census American Community

Footnotes: Census Finance: U.S. Census of Local Government Finance 2007

Census American Community: U.S. Census American Community Survey 2010-5 Year Estimate

This study selects a number of performance indicators and obtains the aggregated values of efficiency, effectiveness and equity by computing factor scores in the exploratory factor analysis. Factor score is calculated by a regression function of the standardized observed values of the indicators in the estimated factors. Factor scores provide more robust values by multiplying the correlation of the indicators by the factor loadings, compared to calculating average values or weighted average values of indicators within each factor (DiStefano Min, and Diana, 2009).

2.3.4 Limitations of Current Performance Indicators

As aforementioned, our measures have limitations. In particular, the use of outcome measures has some limitations (Poister 2003). Community outcomes do not capture government performance at the micro-level. For example, they do not capture individual employee productivity levels or the cost savings achieved by local agencies in operating specific public programs. Governments do not completely control broad outcomes because external factors strongly affect community conditions. For example, the recent economic crisis had an enormous

negative impact on local economic conditions, and local governments could not effectively control these external factors. In our study, much of the outcomes including outcome efficiency may be influenced by environmental factors beyond a local government (e.g. homeownership related to national policies, regional economic performance related to state policies). Local governments may partially affect the broad outcomes. Thus, although broad societal outcomes are important performance measures that must be managed by local governments because they are closely linked to the substantive well-being of the principals, we need be cautious in interpreting the results of this dissertation. That is, our results will not be able to explain output efficiency, individual productivity, or equality in other policy areas.

2.4 Assessing the Reliability and Validity

The limitation discussed above indicates what we intend to measure does not capture all dimensions of local government performance. Some stakeholders may be more interested in output efficiency than outcome efficiency, for example. But another issue is to what extent our indicators capture what we intend to measure--the typical validity and reliability issues. This study attempts to objectively construct different dimensions of local government performance from archival data. This study suggests a robust local government performance measurement by testing the reliability and validity of multiple performance indicators as suggested by research methodology studies (Kaplan & Saccuzzo, 2001; Kerlinger 1999; Nachmias and Nachmias 1999; Selltiz, Wrightman and Cook 1976). If the local performance measures suggested by this study have high levels of reliability and validity, they will be consistent and useful for future replication.

The reliability explains the extent to which the values of particular measures are consistent regardless of time and situation (Stelliz, Wrightman and Cook 1976). When the level of reliability is low, a measure tends to be irregular, insecure and inconsistent over time. Validity is defined as the extent to which a particular measure accurately reflect the concepts and attributes measured by indicators. The validity consists of content, criterion-related and constructive validity (Kerlinger 1999). This study focuses on testing the construct validity because the new measures of different performance dimensions are constructed by combining performance indicators used by prior studies. To ensure the constructive validity of new measures, convergent and discriminant validity should be high. The study collects a number of

performance indicators across performance dimensions of efficiency, effectiveness and equity. Convergent validity examines the extent to which performance indicators within a particular performance dimension are related with each other. Discriminant validity tests the extent to which performance indicators differ across different performance dimensions. The reliability and validity are examined by comparing the factor loading as suggested by Fernandez (2007)'s studies⁵. For example, this study examines the reliability and convergent validity by comparing the factor loading within a particular dimension. The discriminant validity is also tested by comparing the factor loading of individual performance indicators across different dimensions of efficiency, effectiveness, and equity. Figure 2.1 below shows the concept of the reliability and validity used by this study.

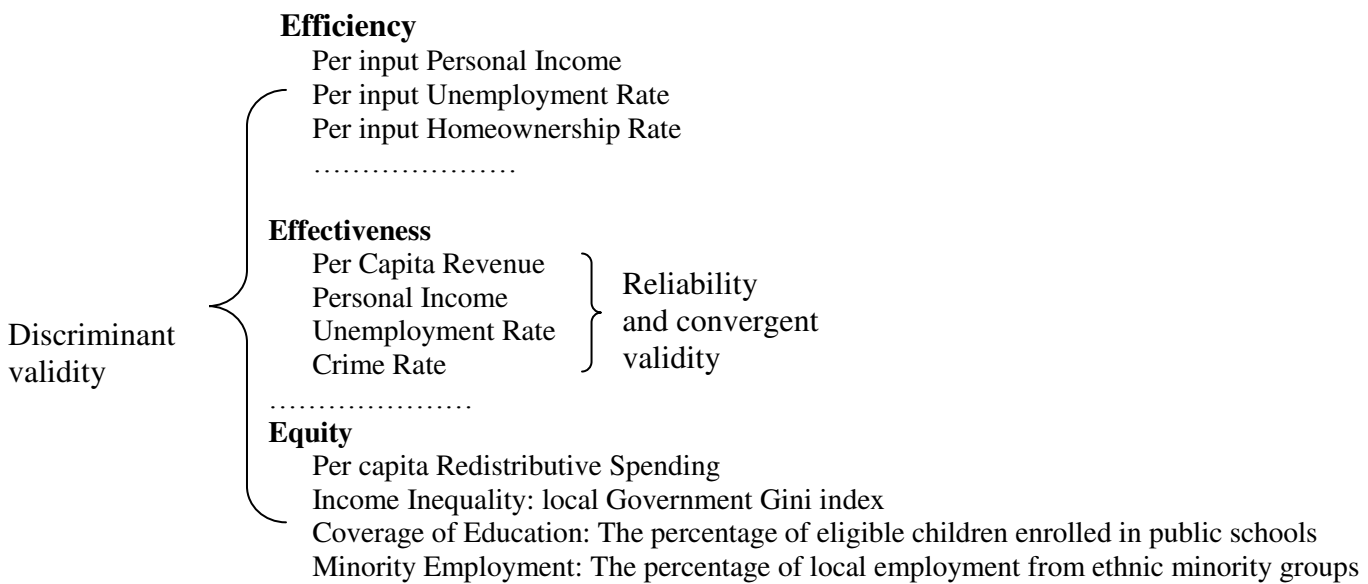


Figure 2.5: Reliability and Validity

⁵ Fernandez (2007) examined the constructive validity of contracting performance indicators by the factor loadings, while Chun and Rainey (2005) tested the constructive validity of the new constructs of goal ambiguity by comparing the correlation between different goal ambiguity measures.

CHAPTER THREE

COMPETING VALUES: E-GOVERNMENT AND MULTIPLE DIMENSIONS OF LOCAL GOVERNMENT PERFORMANCE

3.1 Overview

One of the significant topics in the research of e-government is whether or not information technology impacts public service performance. Although e-government initiatives have been designed to improve the process of administrative service transaction and citizen's access to the arenas of policy deliberation, few studies have empirically examined whether e-government improved government performance with large N datasets. Recent studies have assessed that e-technologies in government improve managerial effectiveness (Lim and Tang 2007; Heintze and Bretschneider 2000; Reddick and Frank 2007), public service delivery (Karim 2003; Morgeson and Pertresc 2011), trust in government (Morgeson, VanAmburg, and Mithas 2011; Tolbert and Mossberger 2006; Welch, Hinnant and Moon 2005; West 2004) and public involvement (Mandarano, Meenar and Stein 2010; Milward and Synder 1996; Scott 2006). The studies have identified that the use of e-technology contributes to the efficiency or effectiveness of public services and strengthens democratic values by increasing transparency and public participation in political and policy processes. Despite a growing number of studies, many of them have relied on the compilations of prior studies or on qualitative case studies rather than quantitative analyses with robust data and rigorous methodologies (Yang and Rho 2007). Furthermore, most studies have not tested the multiple dimensions of public sector performance impacted by e-government initiatives. Hence, the impacts of e-technology on public sector performance still remain unclear (Danziger and Anderson 2006; Moon 2002; Norris and Moon; 2005).

To address the unclear relationship between e-technology and government performance, this chapter answers the following question: How do different e-government initiatives affect the multiple dimensions of public sector performance? Particularly, this chapter conceptualizes two competing models (E-Management and E-Democracy) and empirically tests the impact of the competing models on multiple dimensions of local government performance with a large N dataset. The focus of this study is on the local contexts of e-government initiatives. Although e-government at the global or national level has been studied a lot, the application of e-government

has not been well understood at the local level (Moon 2002, Musso, Weare, and Hale 2000). Moreover, local practitioners are interested in the substantive outcomes produced by innovative managerial tools such as e-technology

3.2 Two E-Government Orientations

E-government research has emerged in the late 1990's in the public administration literature. In accordance with the managerial reform, E-government was influenced by the private sector's e-business or e-commerce (Moon 2002). As e-government initiatives have globally been diffused, voluminous research has attempted to conceptualize the design and growth of e-government (Amoretti 2007; Moon 2002; Brewer, Neubauer and Geiselhart 2006; Coursey and Norris 2008; Ho 2002; Layne and Lee 2001; Musso, Weare and Hale 2000;; Kaylor, Deshazo, and Van 2001; Symond 2000; Thomas and Streib 2005; Reddick 2003, 2004; Weare 2002; West 2004).

The first effort was to develop the conceptual model of how e-government is designed to respond to local governance reform. The studies have identified that information technologies are used to support both managerial and democratic roles in implementing local public reform. Musso, Weare and Hale (2000) argue that web-technologies in city governments are designed to achieve either 'good management' or 'good democracy'. Likewise, other scholars conceptualize two competing models of e-government such as 'E-Management or Service' and 'E-Democracy' (Brewer, Neubauer and Geiselhart 2006; Thomas and Streib 2005; Weare 2006). E-management represents online management including public services and transactional systems that have been developed to improve managerial efficiency and effectiveness. Government harnesses digital technologies to reduce the costs and extend the availabilities of information and transactions in managerial practices and public service deliveries. In accordance with the New Public Management (NPM) movement, government adopts e-management because innovative technologies decrease operational and transactional costs as well as improve citizens' satisfaction by enabling citizens to conveniently access public services (Norris and Moon 2005). On the other hand, e-democracy externally promotes citizen participation in policy and political arenas. E-technologies encourage public employees to reflect citizens' ideas and suggestions in policy deliberation by enhancing citizens' access to electoral and policy decision-making

processes. New Governance is related to the rationales of e-democracy even though it does not directly refer to e-governance. New digital governance is an arena where substantial levels of participation and collaborative efforts occur between government and citizen. Government can achieve desired outcomes by taking advantage of information-sharing, e-participation and digital deliberation in political processes or policy dialogues (Brewer, Neubauer and Geiselhart 2006; Kakabadse, Kakabadse, and Kouzmin 2003; Shane; 2004).

Prior studies have also advanced the growth stages of e-government. In the studies, E-government is categorized into several evolutionary stages (Brewer, Neubauer and Geiselhart 2006; Coursey and Norris 2008; Layne and Lee 2001; Kaylor, Deshazo, and Van 2001; Symond 2000; Moon 2000; Reddick 2004; West 2004). Even though the dimensions vary across academic and practical literature, extant studies have conceptualized the four stages of e-government into: (1) Informative or catalogue stage (one-way communication); (2) Interactive stage (two way communication); (3) Transactional stage; (4) Integrative stage (horizontal and vertical integration). At the informative stage, information technologies are used to disseminate information and data by posting events, policies, and decision-making on government websites. Public employees, citizen, and other stakeholders just view the information. At this stage, government does not have many IT experts. E-government plays a simple role as catalogues which distribute information through one-way communication (Layne and Lee 2001; Reddick 2004). Interactive stage is characterized as two-way communication by allowing government to interact with internal employees and external constituents. At this stage, citizen and administrators can exchange personal ideas or opinions and submit questions on policy agendas via interactive modes of e-government (Brewer, Neubauer and Geiselhart 2006; Moon 2000). For example, knowledge sharing system, online Q&A, dialogues and meetings are interactive tools used to stimulate communication either between public employees or between government and citizens. At the transactional stage, electronic interfaces become transactional, and government establishes online services or financial transactions through information technologies. Online paycheck, online pay tax, and online procurement illustrate technological modes of the transactional stage. The systems allow government and citizen to make transactions in the public service provisions and electoral processes (Layne and Lee 2001). The last step of e-government is to integrate various governmental functions vertically and horizontally. A variety of employee tasks and public services are integrated into a united or user-friendly front end

system. For example, one stop personnel system, on stop service portal, and e-voting system represents governments’ efforts for cost-saving and users’ satisfactions (Ho 2002). The integrative tools streamline users’ access to government functions carried out by various agencies (Symond 2000).

In a nutshell, prior studies have conceptualized the development of e-government (e-management VS e-democracy and four evolutionary stages). Government adopts e-government initiatives to meet competing values in the process of local governance reform. ‘E-management’ and ‘E-democracy’ are designed to improve competing dimensions of the public sector performance. The chapter integrates two different streams of the e-government frameworks (Table 3.1).

Table 3.1: The Integrative E-government Framework and Examples

Evolution of E-government				
	Informative	Interactive	Transactional	Integrative
E-management	Online posting on agency events or decision-making	E-Conference, hearing Knowledge sharing system	Online paycheck, benefit Online pay tax, fine, fee	One-stop job, grade, benefits, retirement system, etc.
	E-mailing of public service delivery	Online citizen survey Online Q&A, Bulletin	Online park ticket Online license, permit	One-stop service portal
	Online posting on service delivery procurement		Online procurement bids	
E-democracy	Online posting or streaming in council agendas	Online council meeting Online policy forum	Online election fund or disbursement	Online Voting
	Online notice on electoral dates or candidate information	Online electoral campaign Online request for government records		

3.3 Hypothesis: Different E-Government Initiatives and Performance

The focuses of current practices and research in the e-government initiatives are on the designs, contents and processes, but its substantive impacts are a critical element to evaluate the success of e-government (Yang and Rho 2007). Prior research has assessed various potential benefits of information technology. The benefits include enhanced access and satisfaction of public services, the efficiency and effectiveness of government operation, increased civic engagement, accountability, transparency and trust (Danziger and Anderson 2006; Dawes 2008). Some studies on governmental information technology have used the competing value framework in evaluating the development of e-government (Kim and Kim 2003; Schedler, Summermatter and Schmidt 2004; Yang 2007). Local governments have designed, implemented and evaluated e-government initiatives depending on what goals they want to accomplish. The development of e-management and e-democracy represents such governmental efforts that seek competing values of the public sector performances. In terms of competing values, the outcomes of e-government lie in a continuum between efficiency and equity because different models of e-government yield different outcomes.

The first outcome identified by the studies on e-government is the improved efficiency or economic gain in public service delivery. Although the e-government-efficiency nexus seems to be clear, empirical evidence is insufficient. Prior studies have speculatively described the positive impacts of e-government on efficiency or relied on the compilation of case studies to support the impacts of Information Technologies (IT) rather than empirically testing a large dataset. Moon (2002) indicates, in the descriptive analysis of the ICMA E-Government survey, that e-government initiatives have increased efficiency by reducing administrative costs, the number of staff, and demands on staff in local service delivery. As well, Danziger and Anderson (2007) argue, in the analyses of comprehensive studies on IT impacts, that the use of e-technologies in government contributes to the efficiency of public administration in four dimensions: productivity gains, staff reductions, managerial controls of processes and staff, and time-saving.

E-management is designed to obtain increased efficiency and economic gains in the administrative operation and public service delivery. Administrative internal operations have been improved by reducing paper work, by reducing work time and processes, which lead to

economic gains produced by achieving cost-saving and improving public employees' productivity. For example, Yang and Rho (2007) report that the Idaho paperless online personnel & payroll system saved personnel costs by \$430,000 and printing cost by \$75,000. It is also reported that web-based processing of documents or payments reduce about 50% of administrative costs compared to paper-based work (Fountain 2001). Innovative technologies enable employees to manage more cases and much of information (Kraut, Dumais and Koch 1989; Norris 1992). The use of local intranet increases the numbers of cases that a staff can analyze. The use of Internet as an information sources helps public employees to search for the sources for streamlining wasteful work processes.

The development of e-management contributes to improving efficiency and economy of public service delivery by allowing government to close local offices and by reducing the number of direct services and public employees who work for the services. Michigan's electronic filed unemployment claims systems achieved the extensive amount of cost savings⁶ by closing 43 branch offices (Yang and Rho 2007, p, 1202). Ho (2002) assesses the integrative levels of local public services provided by e-technologies. He argues that one-stop shopping service produces cost-efficiency by simultaneously offering the extensive amount of contents and services, such as city budget, demographics, local activities, and city services within a portal website. From these rationales in current studies, this chapter proposes the following hypothesis.

H₁: The development of e-management is positively associated with the efficiency of local government performance.

Another benefit of information technology includes the effectiveness of public sector performance by improving the quality of managerial practices and public services. Effectiveness assesses whether e-government initiatives achieve intended purposes, goals, and objectives (Boyne, 2002, 2003). Although prior studies have tapped into only perceptual indicators in measuring the effectiveness of performance, empirical evidence supports the impacts of e-government on the effectiveness (Lim and Tang 2007; Heintze and Bretschneider 2000; Morgeson and Pertresc 2011; Reddick and Frank 2007). E-management improves the effectiveness of managerial practices in decision-making and the ease of communication. For

⁶ Yang and Rho report that the system produced \$22 million in staff savings, \$5 million in annual rent saving, and \$3.5 million hours' time saving respectively.

instance, knowledge-sharing systems and e-conferencing benefit both decision-making process and communication (Reddick and Frank 2007). Heintze and Bretschneider (2000) find that the use of information technology increased the number of decision makers and communication channels between decision-makers, which contribute to the quality of decision-making by promoting creative thinking, group knowledge, and shared learning. The enhanced managerial effectiveness leads to desirable policy and administrative outcomes by increasing team-work, managers' competency, and sophisticated policy planning.

E-management also improves the effectiveness of public services provisions. Information systems facilitate citizens to gain access to public service providers and enable local governments to immediately respond to citizens' specific needs (Danziger and Anderson 2007). Web-based citizen satisfaction survey, online Q&A or bulletin boards are useful tools that enable local government to quickly identify citizen's preferences in local public services delivery. Empirical evidence indicates that e-management leads to the citizens' satisfaction in public services by providing citizen centric services (Morgeson and Pertresc 2011, Morgeson, VanAmburg, and Mithas 2011). Moreover, citizens' satisfactions on local services are enhanced because online transactions enable citizens to use services without directly visiting public agencies (Pavlichev and Garson 2003; Blackstone, Bognanno and Hakim 2006). Citizens can save their time and cost by simultaneously taking advantage of a variety of local government services in a one-stop portal service (Ho 2002). In a nutshell, the use of e-management improves the effectiveness of managerial practices and local service provision by producing substantive outputs and increasing residents' satisfaction of local public services and programs.

H₂: The development of e-management is positively associated with the effectiveness of local government performance.

Democratic value is an important dimension which public organizations pursue to legitimize their missions and goals (Behn 2001; Radin 2006). Democratic dimensions encompass transparency, equity, participation and accountability (Boyne 2002). Prior studies have found that e-government positively impacts citizen's trust in government by increasing citizens' access to political or administrative processes (Welch, Hinnant and Moon 2004, Morgeson, VanAmburg, and Mithas 2011; Tolbert and Mossberger 2006; West 2004). The studies argue

that government can enhance the transparency and trust in government by opening government information and records through online participation systems in policy processes.

Despite the democratic benefits, e-government may face challenges in providing equitable accesses to the technologies. 'Digital divide' may cause minorities, older, and less educated populations to be excluded from the process of e-governance even if government expands the arenas of participation through information systems (Dugdale et, al 2005; Mossberger, Tolbert and Gilbert 2006; Rubai-Barret and Wise 2008; Thomas and Streib 2003). Despite the importance of the citizens' equal access to e-government, few studies have empirically explored the impacts of 'digital divide' on government performance. Prior studies address contradictory views in addressing IT impacts on performance (Lim and Tang 2007). The reinforcement theory argues that information technologies strengthen prevailing groups' interests in existing policy processes, alienating new or disadvantaged groups in the processes (Davis 1999; Norris 2001; Rethemeyer 2011). Rethemeyer (2011) found, in the study of policy networks, that the Internet would reinforce the influences of current policy network members rather than stimulating the inclusions of new members. On the contrary, the mobilization theory suggests that digital technologies provide new opportunities for politically alienated populations in policy processes (Becker 2001). Empirical evidences indicate that agency websites help disengaged citizens to be more involved in policy deliberation (Stanley and Weare 2004). E-participatory tools such as e-forum facilitate competition or collaboration by encouraging various ethnic groups to take part in local decision-making processes (Bimber 2003).

In terms of the two competing theories, e-democracy may pose new chances or challenges to politically or socially disadvantaged populations. Equity is the most notable dimension of performance influenced by information technologies because the values of equity represent the fairness of benefits and access between different groups (Boyne 2002). If the reinforcement theory accounts for the impacts of e-democracy on equity, certain population groups have less access to online participatory mechanisms, which results in the underrepresentation of digitally divided groups' interests and decreased the equity of local government performance. In contrast, the mobilization theory may be appropriate in explaining the impacts of IT on equity. E-democracy can improve the equity of local government performance by offering new opportunities for underrepresented groups to gain access to policy processes through a variety of digital participatory tools. Disadvantaged groups' enhanced

accesses encourage policy makers to pay more attention to the groups' voices, which produce the equitable outcomes of local services. From the opposite rationale, the chapter proposes the following hypothesis.

H₃: The development of e-democracy is associated with the equity of local government performance

On the other hand, other factors may affect local government performance. This chapter uses the barriers to e-government, the amount of local budgets for e-government, local demographics and regional characteristics to control the effects of other factors on performance.

3.4 Research Design

3.4.1 Data Collection

For the independent and control variables in e-government, two developments of e-government are measured by the ICMA E-Government Survey 2004. The questionnaires in the 2004 survey were also mailed to 7,944 municipalities and counties. 3,410 local governments responded to the survey (response rate: 42.9%). Indicators of past local government performance were compiled from the U.S. Census of Local Government Finance 2002 and U.S. Census of Government Employment and Payroll 2002 and U.S. Census of Population 2000. Local demographic and geographic data were respectively collected from U.S Census of population 2000 and the ICMA E-government 2004 survey.

3.4.2 Measurement

3.4.2.1. Dependent variables. An exploratory factor analysis (EFA) was done to obtain the factor scores of community outcome indicators for dependent variables. It uses the varimax⁷ rotation method because orthogonal rotation methods need to be conducted when the correlations among each performance dimension are below 0.33 (In this chapter: 0.254, 0.076

⁷ Although varimax rotation is most commonly used, the choice of a rotation method depends upon whether factors are assumed to be correlated (oblique: direct oblimin and promax) or uncorrelated (orthogonal: varimax, quartimax, and equimax). When the correlation between factors is below 0.33, orthogonal rotations are recommended (James 2009).

and 0.043). The rotation maximizes the variance of the squared loadings of a factor and minimizes the complexity of the components by making the large loadings larger and the small loadings smaller within each component (Ledesma and Valero-Mora, 2007). The factor analysis reports that personal income, unemployment, educational attainment and homeownership rate, violent crime, educational coverage and Gini index are explained by efficiency, effectiveness and equity. Other community indicators are dropped because they had factor loadings of less than 0.4 and do not belong to the performance dimensions conceptualized by this study. The factor loadings of these indicators were more than 0.4 factor loadings, showing that these indicators have convergent validities within an individual performance dimension and discriminant validity across different dimensions. The eigen values of efficiency, effectiveness and equity were respectively 4.616, 2.770 and 1.681. The percentage of total variances explained by three factors was 75.56% (% of each variance: 38.46%, 23.08% and 14.01%). Table 3.2 displays factor loadings among indicators used to calculate dependent variables.

Table 3.2: Factor Analysis for Dependent Variables (E-government)

	Factor loadings		
	Efficiency	Effectiveness	Equity
Per capita income (per input)	0.843	0.362	0.207
Unemployment rate (per input)	0.971	0.109	-0.067
Educational Attainment (per input)	0.988	0.069	-0.003
Homeownership rate (per input)	0.964	0.137	-0.143
Violent crime rate (per input)	0.985	0.027	-0.079
Per capita Income	0.04	0.701	0.477
Unemployment rate	0.062	-0.717	-0.016
Educational attainment	0.105	0.738	0.374
Home ownership rate	0.168	0.707	-0.355
Violent crime rate	0.15	-0.656	-0.144
Educational coverage	0.037	0.179	0.754
Gini Index	-0.143	-0.299	0.724

Footnote: Rotation-varimax

3.4.2.2. Explanatory variables. The variables measuring e-government are built from the items in the ICMA E-Government 2004. The development of e-government is measured at the informative, interactive, transactional, and integrative stages in e-management and e-democracy. The integrative stage of e-management and the transactional and integrative stages of e-democracy are not measured because the ICMA survey did not examine government information technologies at these stages. The informative stage of e-management is measured by whether local governments provide internal employees and citizens with relevant information through employment systems, online, document, manual, and time sheets. If local governments provide such online informative tools, they are coded as “1” and as “0” otherwise. The interactive stage is measured by a number of online internal and external interactive mechanisms (e.g. online registrations for programs/services, online request for service, online reporting, information sharing systems). If local governments possess the interactive tools, they were coded as “1” and if not, as “0”. The transactional stage is measured as follows. When online transactional systems are available (e.g. online payment and submission systems of local services, and e-procurement systems), the systems are measured by dichotomous variables (1=available: 1, 0=not available).

In the e-democracy, the informative stage is measured by the availability of e-news letter, online council agendas/minutes, code/ordinances, streaming video, and the presence of the informative tools are coded as “1” (=present) and as “0” (=not present). The interactive stage is measured by how much local governments allow citizens to interact with elected or appointed officials through online systems or how much local governments open their administrative or policy processes for more transparent government. The availability of online communication systems and online request of government records is represented by dichotomous variables (1=available, 0=not available).

In line with the measurement of dependent variables, the chapter executes a factor analysis to calculate the factor scores of e-management and e-democracy, with the values of the above online tools. The factor analysis reports that various e-government tools are categorized by two dimensions of e-management and e-democracy rather than four developmental stages. In the factor analysis, when the online management and democratic tools had low factor loading⁸ and did not match theoretical dimensions, they were excluded in calculating the factor scores. The

⁸ The cut off factor loading was 0.4, and a varimax rotation was conducted.

eigen values of e-management and e-democracy were respectively 6.023 and 2.861. The percentage of total variances explained by two factors was 49.36% (% of each variance: 33.46% and 15.89%). Table 3.3 displays the factor loadings between e-government tools selected by this chapter.

Table 3.3: Factor Analysis for Independent Variable (E-government)

	Factor loading	
	E-management	E-democracy
Online publishing to reduce printing costs	<i>.777</i>	.274
Post job openings for internal recruitment	<i>.740</i>	.234
Provide employee benefit forms	<i>.725</i>	.256
Provide online report generation	<i>.736</i>	.121
Enable project teams to collaborate	<i>.697</i>	.072
Enable inter/intra agency data sharing	<i>.769</i>	.125
Financial reporting system	<i>.719</i>	.083
Telecommuting staff access system	<i>.703</i>	.135
Provide online training	<i>.650</i>	.146
Online employee timesheet	<i>.604</i>	.138
Online employee help desk	<i>.615</i>	.179
Provide online procurement system	<i>.666</i>	.119
Online communication with elected or appointed officials	.133	<i>.682</i>
Online informing council agendas/minutes	.124	<i>.772</i>
Online informing codes/ordinances	.140	<i>.748</i>
Online requests for local government records	.106	<i>.592</i>
Online delivery of local government records to the requestors	.153	<i>.539</i>
Electronic newsletters sent to residents	.138	<i>.506</i>

Footnote: Rotation-varimax

Several variables are used to control the impact of e-government on local government performance. First, literature on organizational performance suggests that past performance should be included because past performances are the strongest indicators that

influence current performance (March and Robert 1997). The chapter selects 2000 performance⁹ to control the effects of past performance on current outcomes of e-government. The factor scores of three dimensions (efficiency, effectiveness, equity) of local government performance in 2000 are calculated. Next, the capacity of local governments' IT professional affects local government performance because this capacity enables local governments to create better e-government services. IT profession is measured by an item in the IMCA survey. If e-government services are developed in house by local government staff, it was coded as "1", but otherwise, as "0". Prior studies also argue that various barriers to e-government do not lead local governments to desired outcomes in the use of e-government initiatives (Moon 2002; Norris and Moon 2005). Following the literature, this chapter expects that local governments will not produce desired outcomes when barriers exist in implementing e-government initiatives. This chapter aggregates the barriers identified in the ICMA survey (e.g. lack of web staff/expertise, support from elected officials, financial resources, and collaboration among departments, and staff and resident resistance). Financial capacity plays an important role in the consequence of e-government. The impacts of e-government are greater when local governments invest more financial resources in information technologies. This is measured by per capita budget expenditure for e-government in the current fiscal year.

Finally, this chapter also includes the form of government, population, diversity and metropolitan and regional areas for control variables. The council-manager form of government is coded as "1" and as "0" if local governments have other forms of government. Population (per thousand) and the Herfindahl–Hirschman Index¹⁰ measured from the Census 2000 are respectively used to control the impacts of population and diversity on local government performance. Finally, metropolitan areas and northeast regions are selected from the ICMA survey to control the geographic effects on local performance. If a local government belongs to central metropolitan areas or northeast regions, they were coded as '1' and other areas and regions are coded as "0". Table 3.4 and 3.5 below report the descriptive statistics of the variables used in the chapter.

⁹ Similarly, three dimensions (efficiency, effectiveness, equity) of local government performance in 2000 were measured by calculating the factor scores of societal/community outcome indicators in 2000, but violent crime and Gini index were excluded in obtaining factor scores because these indicators were not available in the 2000 datasets.

¹⁰ The index was created by the following formula: $[1 - \sum (\text{percentage of each ethnicity})^2]$

Table 3.4: Explanatory Variables (E-government)

Variables	Measurement	Sources
Independent Variables		
E-management	<i>Factor score of variables below</i>	
Informative	Employment Information, electronic newsletter (Yes: 1, No: 0)	ICMA 2004
	Online news and information to employees, online documents and manual to reduce printing costs, online timesheet (Yes: 1, No: 0)	ICMA 2004
Interactive	Online request for services, online registration for use of recreational facilities/activities, such as classes and picnic areas (Yes: 1, No: 0)	ICMA 2004
	Providing employee benefit forms, online report generation, financial reporting, enable inter/intra agency information sharing, online help desk (Yes: 1, No: 0)	ICMA 2004
Transactional	Online payment of taxes/utility bills/fines/fees, online completion and submission of permit application and business license (Yes: 1, No: 0)	ICMA 2004
	The number of E-procurement in review product offering online and make purchase online (Yes: 1, No: 0)	ICMA 2004
E-democracy	<i>Factor score of variables below</i>	
Informative	Online council agendas/minutes, code/ordinances, streaming video (Yes: 1, No: 0)	ICMA 2004
Interactive	Online communication with individual elected and appointed officials (Yes: 1, No: 0)	ICMA 2004
	Online requests for local government records, online delivery of local governments records to requestor (Yes: 1, No: 0)	ICMA 2004
Control Variables		
Past Performance	Factor scores of 2000 community outcome indicators	Census data
Barriers to E-Government	Number of Barriers to E-Government initiatives	ICMA 2004
	e.g. Lack of web staff/expertise, support from elected officials, financial resources, and collaboration among departments, staff and resident resistance	
E-Government budget	Per capita total operating budget for information technology for the current fiscal year	ICMA 2004
Internal IT profession	E-government services were developed by local government staff (Yes 1: No: 0)	ICMA 2004
Form of Government	Council Manager (Yes: 1, No: 0)	Municipal Year Book
Population	Population per thousand	Census Population
Diversity	Herfindahl–Hirschman Index $[1-\sum(\text{percentage of each ethnicity})^2]$	Census Population
Metropolitan Area	Central and Suburban Area (Yes:1, No: 0)	ICMA 2004

Footnotes: ICMA 2000, 2004: ICMA E-Government Survey 2000, 2004

Census data: U.S. Census of Local Government Finance 2002,

U.S. Census of Government Employment and Payroll 2002 and U.S. Census 2000.

Census Population-U.S. Census of Population 2000

Table 3.5: Descriptive Statistics of Variables (E-government)

	N	Min	Max	Mean	SD
Efficiency	2200	-1.618	16.189	0.000	1.000
Effectiveness	2200	-6.502	3.697	0.000	1.000
Equity	2200	-2.694	6.049	0.000	1.000
2000 Efficiency	2961	-0.948	28.19	0.001	1.000
2000 Effectiveness	2961	-8.285	3.948	0.001	1.000
2000 Equity	2961	0.182	3.249	0.900	0.153
E-management	3410	-1.106	3.711	0.000	1.000
E-democracy	3410	-2.169	2.252	0.000	1.000
In-house development	3410	0.000	1.000	0.442	0.497
Barriers to e-government	3410	0.000	16.000	4.003	2.810
Per capita e-budget	1791	0.000	2327.165	21.762	107.330
Population	3410	0.173	3,737,933	51715	15591
Diversity (HHI index)	2954	0.000	0.757	0.279	0.176
Metropolitan (Central)	3410	0.000	1.000	0.125	0.331
Northeast	3410	0.000	1.000	0.207	0.405
Council-manager	3410	0.000	1.000	0.570	0.495

3.4.3 Analytical Procedures

A correlation analysis (Table 3.6) is performed to examine preliminary relations among the variables and check the potential multicollinearity for a regression assumption test. Hypotheses are tested by the several *Ordinary Least Square (OLS)* multivariate regressions because the dependent variables are continuous variables. First, this study analyzes two models to examine what factors affect the adoption of e-management and e-democracy. Next, six models are analyzed to examine the impacts of the two dimensions of e-government on the efficiency,

effectiveness and equity of local government performance. Three models do not include the past performance and other three models add them. Several OLS assumption tests¹¹ are conducted to identify whether our data meet the OLS assumptions. F-value tests are also run to check the overall fits of the regression models.

3.5. Results

This study ran a correlation analysis. The results report that there are statistical associations between the two e-government orientations and local government performance. E-management is negatively associated with efficiency, but has positive relationship with equity. E-democracy is associated with all dimensions of local government performance (efficiency, effectiveness, equity). Table 3.6 reports the values of correlation among the variables used in this chapter. The OLS Regression results (Table 3.7 and 3.8) report that the F-values of all models are statistically significant ($P < 0.01$). The OLS regression results summarized in Table 3.7 report that in-house development of e-government is positively related to the adoption of e-management and e-democracy, while e-barriers decrease the adoption of e-management. Particularly, the council manager forms of government increase the adoption of e-management and e-democracy. The results show that the council manager forms of government influence local government performance through e-government. Population and metropolitan areas have positive impacts on the adoption of both e-government orientations, but northeast regions show negative associations with e-management and e-democracy.

The OLS Regression results (Table 3.8) also show that two hypotheses were statistically significant. The hypothesis 1 is not supported, demonstrating that e-management does not increase the efficiency of local government performance. The hypothesis 2 is supported and shows that e-management increases effectiveness ($\beta = 0.037$, $P < 0.05$). The hypothesis 3 is also statistically significant in increasing equity ($\beta = 0.048$, $P < 0.05$).

¹¹ For the assumption test, residual normality, homoskedasticity, and multicollinearity were respectively investigated by k-density analyses, Breush-Pagan tests, and VIF diagnoses. The Breush-Pagan tests also reported that some of models have the heteroskedasticity, and this study corrected the heteroskedasticity by using robust standard errors. Other assumptions were satisfied among all of models.

Table 3.6: Correlation Matrix (E-government)

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1. Efficiency	1.00															
2. Effectiveness	.00	1.00														
3. Equity	.00	.00	1.00													
4. 2000 efficiency	.63**	.00	-.01	1.00												
5. 2000 effectiveness	.51*	.75**	-.18**	.00	1.00											
6. 2000 equity	.02	.11**	.68**	.01	-.28**	1.00										
7. E-management	-.06*	.04	.11**	-.03	.13**	.09**	1.00									
8. E-Democracy	.05*	.20**	.21**	.02	.10**	.18**	.00	1.00								
9. In-house development	-.09**	.06**	.10**	-.04	.01	.07**	.21**	.34**	1.00							
10. Barriers to e-government	-.42*	.00	.00	-.06**	-.01	.04	-.02	.11**	.09**	1.00						
11. Per capita e-budget	-.04	-.01	.00	-.03	-.01	.02	.01	-.52**	-.03	-.02	1.00					
12. Population	.02	-.05*	.12**	.00	-.06**	.05*	.28**	.16**	.13**	.03	.00	1.00				
13. Diversity	-.82*	-.44**	.12**	-.01	-.36**	.05*	.15**	.08**	.05*	-.02	-.01	.19**	1.00			
14. Metropolitan	-.04*	-.14**	.21**	-.05*	-.16**	.11**	.32**	.18**	.18**	.01	.00	.48**	.23**	1.00		
15. Northeast	.05*	.07**	.13**	.00	-.05*	.10**	-.11**	-.08**	-.06**	.00	.04	-.07*	-.16**	-.10**	1.00	
16. Council-manager	-.06*	-.04	.16**	.02	-.05*	.11**	.16**	.20**	.10**	.02	-.03	.17**	-.07*	-.15**	-.15**	1.00

*p<0.05, **p<0.01

Some control variables are statistically significant. All of the past government performance across three dimensions statistically increase the efficiency, effectiveness and equity of local government performance and report high levels of coefficients ($\beta = 0.553, 0.745$ and $0.668, P<0.01$). In-house development of e-government statistically decreases efficiency in the models which are not controlled by the past performance. Barriers to e-government negatively affect equity. Per capita budget of e-government is not related to all performance dimensions. Among demographic and regional variables, population is positively associated with efficiency. Diversity is negatively associated with either efficiency or effectiveness. Metropolitan (central) area is negatively related to efficiency and effectiveness, but shows a positive association with equity. Northeast regions are positively associated with both dimensions of effectiveness and equity. Council-manager form of government has a positive relationship with equity.

Table 3.7: OLS Regression Results (Adoption of E-government)

	E-management	E-democracy
	β	β
In-house e-development	0.166**	0.205**
Barriers to e-government	-0.065**	0.003
Per capita e-budget	0.019	-0.036
Council manager	0.055*	0.116**
Population (Per thousand)	0.167**	0.090**
Diversity (HHI index)	0.034	-0.010
Metropolitan (Central)	0.179**	0.071**
Northeast	-0.054**	-0.111**
N	1782	1782
F-values	37.66**	29.37**
R-squares	0.156	0.109

p<0.1, *p<0.05, **p<0.01, Footnote: β = Standardized Coefficient

Table 3.8: OLS Regression Results (Performance of E-government)

	Efficiency		Effectiveness		Equity	
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
	β	β	β	β	β	β
2000 Performance		0.553**		0.745**		0.668**
E-Management	-0.019	-0.035	0.091**	0.037*	0.035	0.008
E-Democracy	0.004	-0.018	0.204**	0.103**	0.168**	0.048*
In-house e-development	-0.089**	-0.054	-0.009	0.011	0.020	0.011
Barriers to e-government	-0.013	-0.007	-0.018	-0.002	-0.006	-0.039*
Per capita e-budget	-0.043	-0.028	-0.005	0.008	0.014	0.011
Population (Per thousand)	0.091*	0.077*	0.061*	0.011	-0.014	0.007
Diversity (HHI index)	-0.059#	-0.094**	-0.440**	-0.160**	0.048#	0.039#
Metropolitan (Central)	-0.055	-0.002	-0.177**	-0.042*	0.169**	0.117**
Northeast	0.032	0.037	0.037	0.043**	0.157**	0.082**
Council-manager	-0.034	-0.026	-0.024	0.004	0.149**	0.082*
N	1350	1350	1350	1350	1350	1350
F-values	3.62**	7.45**	47.33**	167.5**	2031**	68.17**
R-squares	0.025	0.523	0.261	0.710	0.121	0.537

p<0.1, *p<0.05, **p<0.01,

3.6. Discussion and Implication

Over the past several decades, a number of reform programs have been implemented to improve government performance. E-government initiatives represent such governmental reform

efforts. One of challenges surrounding e-government is that their substantive impacts have been rarely explored in the scholarly community (Yang and Rho 2007). To date, few studies have examined the consequences produced by different e-government initiatives with a large N dataset. This study seeks to fill the lack of empirical evidence in extant studies and finds that different developments of e-government affect the competing dimensions of local government performance. The findings provide public managers with useful guidelines and insights about how they design, implement, and evaluate different e-government initiatives to achieve various values of local government performance.

First of all, our finding reveals that e-management types of applications do not increase efficiency. The result is different from prior studies' arguments that e-government achieves economic or efficiency gains by paperless offices, staff reduction, and time-saving measures (Danziger and Anderson 2006; Moon 2002; Yang and Rho 2007). This finding provides a new implication on the efficiency outcomes of e-governemnt because prior studies have relied on the investigation of government financial reports, case studies, and employees' perceptions rather than empirical analyses using large N samples. The reasons for the counterintuitive finding may be that establishing and operating e-government imposes considerable financial burdens on local governments. It costs a lot to launch a new administrative system such as e-government initiatives, and government often contracts the development of e-systems out to reduce the cost (Anna and Bretschneider 2007). As a control variable, in-house development statistically decreases efficiency, which shows that the development of e-government is a huge financial investment project that has negative impact on economic gain. In addition, the impacts of e-government are small at the early stage, because it takes time for administrators and citizens to adapt to the new system and culture of e-government (Coursey and Norris 2008; Norris and Moon 2005). Local public employees are inexperienced with e-technologies and may not produce intended cost-effectiveness by failing in increasing outcomes. Such negative factors offset decreased costs achieved by e-management systems. IT managers need to take into account how e-technologies are easily and substantively used by public employees in order to achieve intended cost-saving.

E-management positively influences the effectiveness of local government performance. Collaboration theory addresses how government can improve its actual outcomes by cooperating with internal and external actors (Agranoff and McGuire 2003; Bryson, Crosby,

and Stone 2006; Emerson, Nabatchi and Balogh 2012). Local governments take advantage of e-management systems to facilitate internal collaboration. For example, knowledge or data sharing systems help exchange innovative ideas that solve managerial challenges or community-based problems faced by local governments. On-line train programs enhance public employees' competency by increasing employee access to training. Online telecommuting access and online tools for better work processes positively affect local employee job satisfaction or organizational commitment, which motivates local employees to improve their performance. Community outcomes are enhanced by such positive effects achieved by e-managerial tools in the local government. E-management systems in local service delivery are positively associated with effectiveness. For instance, a transaction system such as e-procurement leads to citizens' satisfaction because citizens are able to conveniently use local services, regardless of time and place (Pavlichev and Garson 2003; Blackstone, Bognanno and Hakim 2006).

An interesting finding is that e-democratic tools also increase the effectiveness of local government performance even though this was not included in our hypotheses. Recent research on public participation has found that citizens' participation in administrative decision – making improves the efficiency and effectiveness of government performance by reflecting citizen suggestions in policy processes (Neshkova and Guo 2012). In addition to traditional participation mechanisms such as a public hearing or a citizen board, e-democratic systems may be an alternative instrument to expand citizens' involvement in administrative or policy decision-making processes. For example, informing citizens of council agendas and policy decisions through e-newsletters promotes citizens to be interested in policy issues that may affect their lives. Increased interests motivate citizens to suggest their ideas through online communication systems with elected or appointed officials. Citizens' suggestions are conducive to achieving the outcomes of public programs by enhancing the quality of decision-making.

Finally, e-democracy has a positive impact on the equity of local government performance. This finding is an important contribution from the democratic perspective because few quantitative prior studies have identified whether the impact of e-democracy on government equitable outcomes with a large N dataset. Our empirical finding indicates that e-democratic tools mobilize disadvantaged groups by providing them with new chances to participate in policy deliberation by online tools, such as agency website, electronic newsletter and e-forum or hearing (Bimber 2003; Stanley and Weare 2004). At the early stage of the internet, minority

groups might gain less access to digital technologies (Rethemeyer 2011), but the digital gap has gradually decreased¹² over the past decade (U.S. Census Bureau). This trend implies that digital participatory tools designed by government pose extended opportunities for minority groups to access government decision-making processes. For example, ethnic association groups or voluntary/charitable organizations which represent disadvantaged groups' interests are actively engaged in policy deliberative processes through online hearing or online communication systems. Government decision makers create public policies or programs which are beneficial to underrepresented groups, in response to the groups' increased voices in cyber space.

In the interpretation of control variables, in-house development of e-government alleviates efficiency when the past government performance was not included. This finding indicates that launching a digital government entails much financial burden, increasing local expenditures at the early stage, but it does not cost much to operate e-government after it is established. Likewise, per capita e-government budget is not related to all performance dimensions produced by e-government. The finding implies that the e-government budgets are not primary factors to produce the outcomes. It is a little bit difficult to interpret the negative relationship between barriers to e-government and equity. A possible explanation is that equity may be the most sensitively influenced by the variation of e-government initiatives across local governments. When e-government is not operated well by many barriers, the barriers have more negative impacts on equity than on efficiency or effectiveness by decreasing minority groups' access to government decision-making via digital systems.

When it comes to other control variables, the council manager form of government is positively related to equity only. This is inconsistent with prior studies indicating that professional managers are appointed to increase efficiency and effectiveness (Ruhil, Anirudh, and Schneider 1999; Ruhil 2003). However, a recent professional report argues that professional managers contribute to equity and fairness by causing services to be fairly distributed and by building consensus among diverse groups (ICMA 2013). Elected mayors, who must win local elections, are highly influenced by dominant groups' lobbies, and cities with district elections are

¹² The Current Population Survey 2009 illustrates that the percentage of African American household with no Internet use at home was more than 50% in 2000, but it has declined 45.5% by 2009 (<http://www.census.gov/cps/>).

more constrained by community groups which hold dominant power within certain districts (Lubell, Feiock and Ramirez 2009; MaCubbins and Schwartz 1984). By contrast, appointed managers may focus on increasing equitable outcomes without being affected by pressure from dominant groups in relation to local elections.

The interesting findings are that the effects of the form of government on performance are mediated by the adoption of e-government. The findings show that the council-manager forms of government increase the adoption of e-management and e-democracy, which improve the effectiveness and equity of local government performance. As professional managers adopt more citizen participation programs to improve the quality of administrative decision-making (Yang and Kallahan 2007; Wang 2001), appointed professional managers may design various e-government initiatives to enhance local performance. Such efforts indirectly produce increased effectiveness and equity.

Population is positively associated with efficiency and the adoption of the two e-government orientations. Large cities may have greater incentives to efficiently operate a large bureaucracy by establishing more e-tools, and such efforts lead to enhanced efficiency. Ethnic diversity has a negative impact on efficiency and effectiveness. Racially heterogeneous cities may hire more minority public employees by implementing Affirmative Action to ensure bureaucratic representation, which negatively affect efficiency by increasing local labor costs. Minority groups in racially heterogeneous city are suffering from social or economic hardship and segregation. Central metropolitan areas have a negative impact on effectiveness, but show a positive association on equity. Economic and social segregation between central and suburban areas has increased over time in the United States. Local governments seek to expand the coverage and fairness of public services in these areas to reduce the gaps between two areas. The positive relationship between northeast regions and effectiveness and equity seems to be natural, given that residents in these regions are wealthy and are more likely to support the Democratic Party that strives to represent minority groups.

3.7. Limitations and Future Study

To date, government has developed a number of online systems. Practitioners are interested in whether the investment in new technologies produced intended outcomes. This

study was designed to meet this practical need for information technologies with sophisticated conceptual frameworks and rigorous empirical tests that explore competing values. This chapter found that e-management and e-democracy are respectively associated with the effectiveness and equity of local government performance. This study hopes that the chapter can contribute to evidence-based studies of e-government.

This study has some limitations. The first limitation comes from the measurement of local government performance employed by this study. The measure of efficiency is an outcome-efficiency measure, not an output-efficiency measure. Therefore, our finding on efficiency should be interpreted accordingly. Our results cannot be used to say that e-management investments would not increase individual employee efficiency/productivity or a specific agency or program's technical efficiency. Similarly, the equity measure employed in this dissertation captures only economic equality (Gini index) and educational coverage. It may not reflect other equity or equality concerns such as environmental justice, health care access or fairness in law enforcement. Future studies need to examine the impacts of e-government on local government performance measured at different analytic levels and with different efficiency and equity measures.

Next, the ICMA survey did not examine the social networking services (SNS) that are emerging in the digital interface. Given that SNS is the latest e-communication tool, future studies need to examine how the use of SNS across local governments yield different outcomes. Next, this study tested the relationship between e-government and government performance only at the local level. E-government initiatives in state or federal governments may have different contexts. Subsequent studies need to investigate how e-management and e-democracy influence multiple dimensions of state or federal government performance. Lastly, this study did not specifically describe how citizens' or minority groups' ideas or suggestions are reflected in actual government decision-making via online tools. A qualitative study can complement the limitation by tracking citizens and public employees' use of online tools in policy-making processes.

In spite of such limitations, this chapter is an initial step in understanding the complex outcomes of new digital technologies. In short, this study can help local governments better design and operate digital government.

CHAPTER FOUR

COMPETING VALUES: CITIZEN PARTICIPATION INSTITUTIONS AND MULTIPLE DIMENSIONS OF LOCAL GOVERNMENT PERFORMANCE

4.1 Overview

Over the past several decades, citizen participation in government has received much attention from both scholars and practitioners because of the potential benefits of participation. Research indicates that public participation increases democratic outcomes since citizen involvement efforts expand public inputs in administrative and policy processes (Dahl 1967; Nabachi 2010; Robert 2004). However, only small bodies of research have empirically examined the impacts of public inputs only in particular policy areas (e.g., transportation) on public service performance (Neshkova and Guo 2012, Guo and Neshkova forthcoming). Most prior studies have argued that public involvement in government is normatively desirable (Ebdon and Franklin 2006; Arnstein 1969; Innes and Booher 2007; Nalbandian 1999; Irvin and Stansbury 2004; Kweit and Kweit 2001; King, Feltey, and Susel 1998; Thomas 1990; Vigoda 2002; Walters, Aydelotte, and Miller 2000) or have relied on the case studies identifying the impacts of public participation mechanisms on government performance (Beirele and Cayford 2002; Berner and Smith 2004; Franlin and Ebdon 2004; Kathelene and Martin 1991; Moynihan 2003; Thomas 2002; Wheeland 2003; Woolum 2011).

Previous studies have addressed that citizen involvement efforts produce normative and instrumental benefits. Government can normatively legitimize their decision-making by informing, educating, persuading and empowering citizens in administrative and policy processes (Arnstein 1969; Irvin and Stansbury 2004). In addition to the normative benefits, government produces instrumental benefits by obtaining citizen's innovative ideas in delivering public service and by reducing citizens' resistance in making and implementing important policies or political decisions (Moynihan 2003; Robert 2004). Despite these theoretical arguments, prior studies have not examined how different types of citizen participation institutions yield different outcomes in terms of competing values. From a practical perspective, public managers need more robust evidence on how much particular participation mechanisms

improve the outcomes of public programs or policies because implementing participatory programs entails considerable costs (Neshkova and Guo 2012; Wang and Thomas Forthcoming).

To address the empirical limitations, this chapter builds upon the institutional perspective of citizen participation programs by conceptualizing various participation institutional mechanisms in administrative or policy decision-making processes at the local level. It investigates whether citizen involvement efforts improve multiple dimensions of local government performance. For an empirical test, various citizen participation mechanisms and multiple dimensions of local government performance are measured from a variety of surveys and archival sources. A series of regression analyses are conducted to test the causal relationships between such institutional mechanisms and multiple performance dimensions.

4.2 Institutional Perspective: Different Participation Institutional Mechanisms

Various public participation institutions exist in government decision making processes. The activities of government vary from the production of public services to policy-making or electoral processes. Scholars have stated that two types of public participation mechanisms exist in administrative and political processes (Vigoda 2002; Vigoda and Mizrahi 2007; Wang and Wan Wart 2007). Political participation is a construct which has been popular in political science (Dahl 1989; Brady, Verba, and Schlozman 1995; Peterson 1990; Tolbert and Smith 2005; Verba et al. 1995; Vigoda 2002). It includes people's engagement in political activities, such as voting, political party membership, participating in political campaigns, involving in lobbying and signing petitions on political issues (Vigoda 2002; Vigoda and Mizrahi 2007). Local governments also implement and prepare national or local elections and inform citizen of important electoral agendas or candidates.

In addition to political participation, citizen participation in administrative or policy processes has been noted in the studies of public administration (Baker, Addams and Davis 2005; Beckett and King 2002; Callahan 2002; Cole and Caputo 1984; Ebdon and Franklin 2004; Fung 2006; Ho and Coates 2002, 2003; Stewart 2007; Wang 2001; Yang and Kallahan 2005). Citizen participation institutions include a variety of government programs designed to achieve democratic legitimacy (Irvin and Stansbury 2004) as well as to improve government

performance by reflecting citizens' innovative ideas and demands in the operation of government (Neshkova and Guo 2012).

Scholars have conceptualized citizen participation to describe the aspects of citizen participation processes. A conventional work of Arnstein (1969, p.217) claims in "A Ladder of Citizen Participation" that the levels of citizen participation are arranged in a ladder: Non-participation: manipulation, therapy; Degree of tokenism: informing, consultation, placation; Degree of citizen powers: partnership, delegated power, citizen control. Although Arnstein's classification is useful in explaining the purpose of public participation, Fung (2006, p.67) asks these questions: "Who participate? How do they communicate and make decisions". To answer those questions, he conceptualizes three modes of citizen participation in a democracy cube of participation. A number of participation mechanisms are conceptualized in the three continuums of authority and power, participants and communication, and decision modes. Stewart (2007) also points out that the prior conceptualizations of citizen participation mechanisms did not describe what mechanisms are actually used in the practices of public agencies. The author categorizes a number of actual citizen participation programs according to the levels of agenda setting control (operational, strategic, and normative) and decision-making control (informative, consultative, delegative). The conceptualization provides a useful framework which portrays the modes of actual citizen participation used by government.

Despite such conceptualizations, few studies have examined the outcomes that such different institutional mechanisms produce. This chapter proposes an institutional perspective of citizen participation mechanisms. From the institutional perspective, citizen involvement mechanisms are operational institutions affected by high (constitutional) level institutions. Institutional theory explains that multi-level institutions exist within a community and such institutions are related to each other (Ostrom 2005; Williamson 2000). Ostrom (2005) argues that institutions are a set of rules prescribed by participants to achieve predictability within defined situational arenas. These rules have multi-level structures from constitutional rules to operational rules. Constitutional level rules are associated with the sets of operational rules by determining actors' incentive structures in crafting operational rules (Buchanan and Tullock 1962). Similarly, Williamson (2000) classifies types of institutions into institutional environment and institutional arrangement. Institutional environment is external environmental systems, and institutional arrangement is a governance structure designed properly at the organizational level.

Institutional environment is closely connected to institutional arrangement by motivating actors to structurally design operational institutions. From the multi-level institutional theories, a wide range of participation institutional mechanisms are designed at constitutional level and at the operational level. For example, at the constitutional level, direct democracy provisions in the municipal charter are adopted to ensure citizens' direct inputs in important policy or political decision-making. At the operational level, a variety of administrative participation channels are designed to legitimize government decision making by reflecting citizen opinions or announcing important public policies or programs.

Citizen participation mechanisms at different institutional levels are also categorized by the extent to which decision-making is empowered to citizens. Stewart (2007) provides three institutional mechanisms according to the degree of citizen decision-making: (1) Delegative (integrative channels), (2) Consultative (two-way channels), (3) Informative (one-way channels). For instance, high level institutions such as direct democracy provisions are designed at the delegative mechanisms. Citizens have substantive decision powers in government decision makings when using these mechanisms. King, Feltey, and Susel (1998) argue that government believes that greater participation increases inefficiency, such as delays and red tape, and thereby, seek unauthentic citizen participation, as a tool of 'window dressing'. Many unauthentic citizen participation programs may exist in actual participation mechanisms and thus, delegating government decision-makings to citizens contributes to authentic citizen participation by granting citizens' empowerment on critical policy decision-making. Direct democracy is used to complement representative democracy when a majoritarian electoral system does not function well to represent median voters' interests (Maser 1998). At the local level, initiative, referendum, and recall have been adopted to directly grant citizens to have policy decision making powers. In addition to direct democracy provisions, citizens make administrative or policy decisions in citizen authority/board or citizen juries where decision-making are delegated to citizens.

On the other hand, many administrative participation institutions are designed to ensure citizens' inputs in administrative decision-making or to inform citizens of such decision-making. For example, at the consultative stage, local governments provide channels for citizen feedback in decision-making processes. The institutional mechanisms permit citizens to express their ideas and views, but the final decisions are made by the government. A number of

consultative tools exist in the arenas of administrative participation. In the administrative process, local governments allow elite citizens' inputs by organizing advisory citizen board committees, citizen focus groups and panels (Mcshane and Krause 1995). Public hearings or open forums provide more citizens with a participatory arena where they can learn about the issues of government operations and public services and express their opinions on them (Cole and Caputo 1984). Citizen surveys and citizen-initiated performance management initiatives enable local governments to design and operate their performance management systems more from the citizens perspective (Ho and Coates 2004; Carrizales 2004).

At the informative stage, government does not allow citizens to express their ideas or opinions. Only government announces or advertises public services or important political or policy decisions through one-way channels. For example, local governments inform or persuade citizens by advertising the changes or launches of local services, mailing or emailing newsletters on local services and posting the administrative decisions on local government webs in administrative processes. Table 4.1 displays the examples of different types of participation institutions conceptualized by this study

Table 4.1: Different Types of Participation Institutional Mechanisms

Institutional Level	Example of Participation Mechanisms	Degree of Empowerment
Constitutional (Direct Democracy) Provisions	Initiative Referendum Recall	Delegatory (Integrative)
Operational (Administrative Participation Channels)	Decision-Making Citizen Authority/Board Citizen Juries Advisory Citizen Board or Commission Citizen Panel or Focus Group Council/Neighborhood Meeting Public Hearing, Open Forum Ad hoc Task Force Citizen Survey, Citizen-Initiated Performance Measurement Televised Hearing, E-Forum Local Government Services Notices Administrative Decisions Release e.g. Advertisement, Mailings, TV, Newsletter, E-Mail, Web-posting	Consultative (Two-way) Informative (One-way)

Source: This table is in part based upon Stewart (2007)

4.3 Hypothesis: Different Participation Institutions and Performance

Public participation in administrative or policy processes has been advocated as an important democratic reform by scholars and practitioners since the 1950s (Box 1998; Dahl 1989; Denhardt and Denhardt 2000). Despite policy outcomes influenced by public participation institutions, current quantitative studies on citizen participation have focused on the adoption and implementation (Brady, Verba, and Schlozman 1995; Ebdon 2000; Wang 2001; Yang and Callahan 2007; Yang 2005, 2006). Few empirical studies have examined its substantive impacts, with robust quantitative techniques and data, and we still do not know how government citizen involvement efforts produce various outcomes through different levels of participation institutions (Neshkova and Guo 2012). This chapter examines the associations between different participation institutional mechanisms and multiple performance dimensions through a mediation analysis. Administrative participation channels mediate between direct democracy provisions and local government performance. Direct democracy provisions affect local government performance directly or have indirect effects on the performance through administrative participation channels. The logical process is seen in Figure 4.1.

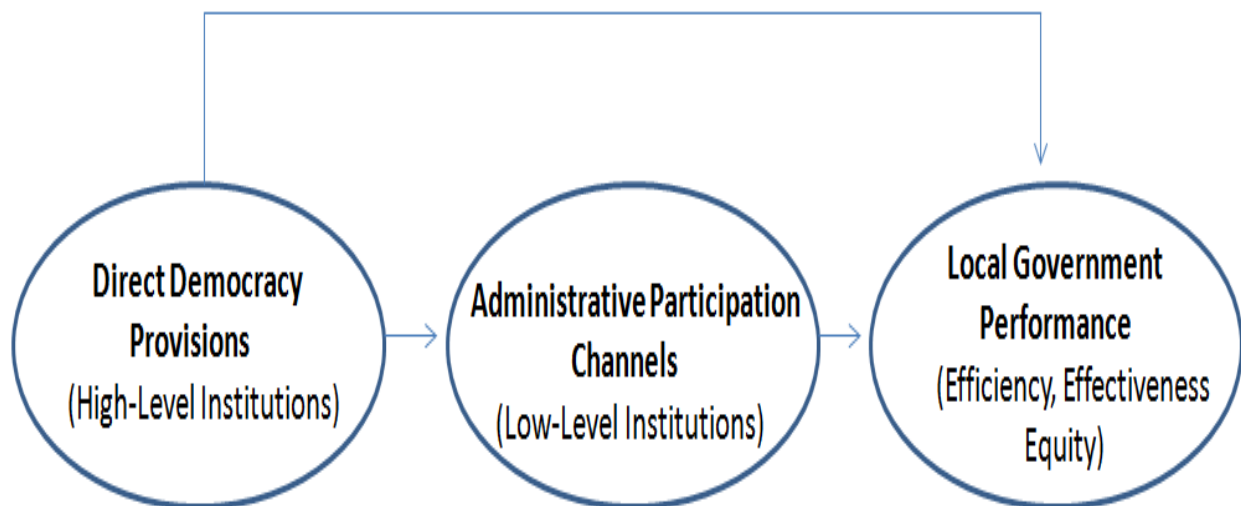


Figure 4.1: Citizen Participation Institutions and Local Government Performance

4.3.1. Direct Democracy Provisions and Administrative Participation Channels

The multi-level institutional theory posits that different levels of institutions are related to each other (Ostrom 2005; Williamson 2000). High-level participation institutions influence the adoption of low-level participation institutions by incentivizing actors to design operational institutions in response to uncertainty constrained by upper-level institutions. In the arena of citizen participation, direct democracy provisions and administrative participation channels respectively represent high (constitutional) and low (operational) level institutions. Some municipal charters include direct democracy provisions such as initiative, referendum and recall. These institutional provisions directly empower citizens to initiate policy proposals, put them to a vote and possibly remove elected officials from office. Lubell, Feiock and Ramirez (2009) define direct democracy institutions as follows (P. 665):

“An initiative provision grants citizens the right to submit a proposal to a public vote when officials have failed to act. A referendum provision grants citizens the right to submit a proposal to a public vote after officials have acted. A recall provision grants citizens the right to strip elected officials of their rights to act”.

In the institutional theory, these provisions reduce transaction costs such as coordinating, defection and monitoring costs by median citizens’ direct involvements (Maser 1998). For example, initiative or referendum provisions mitigate the coordinating costs in conflicting policy-decision processes by granting citizens the rights to directly initiate or vote for a policy proposal about controversial policy agendas. A recall minimizes defection or monitoring costs by granting citizens the rights to directly terminate elected officials who oppose citizen’s preferences. In other words, direct democracy institutions reduce uncertainty and ensure the legitimacy of local policy making by preventing elected officials from paying less attention to reticent majoritarian constituents’ interests. Empirical evidence illustrates that direct democracy provisions affect the adoption of slow or smart development policies. Gerber and Phillips (2004) argue that when urban growth policies are made through direct democracy institutions, elected officials seek to slow community development. Lubell, Feiock, and Ramirez (2009) also claim that direct democracy facilitates environmental policies because elected officials take into account median citizens’ preferences about smart community growth.

In regards to the relations between direct democracy institutions and citizen involvement efforts, Stewart (2007) views that initiative and referendum are high-level delegatory citizen involvement mechanisms which are distinct from consultative or informative mechanisms but did not examine the relationship between two involvement mechanisms. Most research studies have examined only how direct democracy institutions affect political participation (Broder 2000; Ellis 2002; Smith 2001; Tobert, Ramona, and Daniel 2003). Smith (2001) finds that the presence of salient initiatives and popular referenda increases voters' turnout in midterm elections. Tobert, Ramona, and Daniel (2003) indicate that initiated ballots enhance the probability of voting by educating citizens about policy issues or political decision making. The impact of direct democracy institutions on political participation may spill over administrative citizen participation mechanisms. Direct democracy institutions can reduce local bureaucrats' uncertainty by mitigating elected officials' political pressures that consider short-term electoral benefits because they enable citizens to directly control elected officials. When local administrators face less political constraints, they can make long-term administrative or policy decisions which relate to citizens' substantive well-being. Citizen involvement programs at the operational level are the instruments that identify citizens' preferences from the citizen perspective. Local administrators design such participation institutions to improve the legitimacy of local decision-making.

Furthermore, direct democracy institutions educate citizens by stimulating citizens' interests in policy processes (Gerber 1999; Tobert and Smith 2005). For example, initiative and referendum process allow citizens to directly make a policy or put on a vote in regards to conflicting agenda or issues. Thus, administrators are more engaged in citizen involvement efforts to provide citizen with information about conflicting policy issues. Local governments also adopt more administrative participation channels to help citizen monitor elected officials who do not represent majoritarian citizens' benefits in the recall process. Based on the logic above, local governments with many direct democracy provisions should be motivated to create more administrative participation mechanisms because such provisions reduce administrators' uncertainty from political influences.

H₁ : Direct democracy provisions in municipal charters are positively associated with administrative participation channels.

4.3.2. Direct Democracy Provisions and Performance

Several prior studies indicate that public sector performance is related to the level of citizen engagement in policy processes (Viogda 2002; Vigoda and Shlomo 2006). The studies find that poor government performance motivates citizens to be directly engaged in policy processes in order to improve poor government performance. Direct democracy represents such citizens' direct participation because government decision-making is delegated to citizens. Citizens' direct decisions contribute to the public sector performance by ensuring the external accountability of bureaucratic decision-making. This study posits that local governments produce better outcomes when they empower citizens through direct democracy provisions.

To begin with, direct democracy provisions are positively associated with the efficiency and effectiveness of local government performance. Citizen participation may entail administrative costs (Irvin and Stansbury 2004; Moynihan 2003). Similarly, implementing direct democracy provisions increases local governments' administrative burdens. Despite such costs, citizens' direct involvement is a wake-up call which forces local elected officials or bureaucrats to attend to government performance. Civic organizations and citizens are directly engaged in administrative or policy decision-making processes through direct democracy provisions when they feel that local governments produce poor performance. For instance, tax-watch groups can lead to issue initiatives or referendums when they find excessive wastes in local budgets or inefficient bureaucratic processes. Citizens directly evaluate local government performance by dismissing elected officials who yield poor outcomes in the recall process. Local governments attempt to improve the efficiency and effectiveness in response to such citizen direct pressures. Empirical evidence indicates that direct democracy provisions such as initiatives improves the effectiveness of local government activities by leading governments to produce greater revenues (Park, Barbara and Feiock 2009).

Direct democracy provisions may directly and indirectly improve the equity of local government performance. First, delegative mechanisms such as direct democracy positively affect democratic outcomes. Such democratic values are easy to be ignored by advantaged groups who influence bureaucratic processes in various ways (Moynihan et al., 2011). Disadvantaged groups have fewer chances to influence government decision-making. Even

though there have been debates¹³ over the impacts of direct democracy on minority rights, direct democracy provisions can provide underrepresented groups with substantive opportunities to input their voices and opinions (Donovan and Bowler 1998). For example, female or ethnic minority groups can take advantage of direct democracy provisions as participation channels that protects their benefits. Direct democracy provisions also indirectly influence the equity of public services by increasing political participation. Tolbert and Smith (2005) find that direct democracy increases voters' turnouts by educating the citizens who are not interested in policy agendas in the implementation of direct democracy provisions. Traditionally, minority groups have not participated in the voting processes and, thus, their concerns have been overlooked in administrative or policy decision making processes. Local elected officials and bureaucrats tend to pay little attention to the class and groups who do not vote. However, direct democracy provisions contribute to equity by increasing voter turnout. Higher voter turnout better reflects the greater preferences of minorities or low income voters, which can lead to more redistributive spending and higher taxes (Hajnal and Trounstein 2005).

H₂: Direct democracy provisions are positively associated with the efficiency, effectiveness and equity of local government performance.

4.3.3. Administrative Participation Channels and Performance

In line with direct democracy provisions, various administrative participation institutions at the operation level contribute to enhanced local government performance by providing useful channels where citizen' ideas and suggestions are reflected. First, citizen participation channels in administrative processes may contribute to the efficiency of local government performance. Prior studies have generated two competing views on the impacts of citizen participation mechanism on the efficiency of public service performance. The traditional view argues that citizen participation entails considerable administrative costs (Irvin and Stansbury 2004; Kweit

¹³ Prior studies have shown mixed evidence on the impacts of direct democracy on minority groups' benefits. Some studies have found that minority groups in the implementation of direct democracy are likely to lose on issues such as environment, health, housing and taxes (Haider-Markel, Querze and Lindaman, 2007; Moore and Ravishankar 2012), while another study found that direct democracy reinforces the rights for same-sex marriages (Donovan and Bowler 1998).

and Kweit 1981, Moynihan 2003; Wang and Bryer 2012). Kweit and Kweit (1981) point out that citizen participation may increase conflicts in policy systems and complicate the problems of government decision-making. According to the conventional view, citizen participation delays the administrative decision making and results in managers' loss of control in decision-making process (Irvin and Stansbury 2004). Furthermore, Moynihan (2003) emphasizes that in addition to administrative costs, citizen participation increases decision outcome costs because the lack of citizens' knowledge on complex and technical issues can lead to poor administrative decision-making.

In contrast, the new views contend that citizen participation in administrative processes enhances the efficiency of public sector performance (Irvin and Stansbury 2004; Robert 2004; and Neshkova and Guo 2011). Citizen participation helps citizens to suggest new ideas that save costs. For example, citizens can propose innovative solutions that reduce wastes on projects or streamline duplicated administrative processes. The use of participation mechanisms in the budget process of a state Department of Transportation (DOT) reduced the annual total expenditures for operating the transportation systems (Neshkova and Guo 2012). Citizen participation in administrative processes can also reduce the implementation costs of public services. Berman (1997) found that citizen participation decreases citizen cynicism in government, which contributes to lowering the burdens of implementing public services and policies. Government avoids litigation costs by increasing citizens' inputs in administrative processes (Irvin and Stansbury 2004). The empirical and normative evidence indicates that local government can save implementation costs by reducing citizens' resistance and improving their trust in government.

Citizen surveys and citizen-initiated performance measures help local governments carefully monitor the cost-related performance indicators, which contribute to the efficiency of local government performance (Ho and Coate 2002; Heikkila and Isett 2007). Ho and Coate (2002) reported the citizens' efforts to monitor the costs of city services in the Iowa Citizen Initiated Performance Assessment (ICPA): "In various meetings, for example, citizens often ask how much it costs to provide specific services and how their government compares with similar jurisdictions in terms of spending (p.10)." To examine these two conflicting rationales that have not been tested in prior quantitative studies, this chapter explores the unclear association by suggesting a hypothesis that administrative participation is related to efficiency.

H₃: Administrative participation channels are associated with the efficiency of local government performance

As opposed to the impact of citizen participation on the efficiency, most studies support the link between administrative participation and the effectiveness because effectiveness is not a cost-related performance measure (Ebdon 2002; Hawkins and Wang 2011; Guo and Neshkova forthcoming, Kathlene and Martine 1991; Kweit and Kweit 2004, 2007; Moynihan 2003; Percy 1984; Wagenaar 2007; Woolum 2011). First, citizen participation institutions in administrative processes contribute to the effectiveness of public service by providing bureaucrats with context- specific information (Dahl 1989; Guo and Neshkova forthcoming). In many cases, bureaucrats are bound by their narrow professional knowledge or experiences, and, thus, fail to predict the unintended consequences of public programs. Citizen inputs in public hearings or citizen boards or committees help bureaucrats recognize the citizen specific preferences and problems, which improve citizen satisfaction about current public services. Guo and Neshkova (2012) find that citizen surveys, focus groups, open forums, public hearings and citizen boards in the budgetary processes improve citizens' ratings of the quality of public roads.

Collaboration with citizens as partners is also an import factor that improves the effectiveness of local government performance (Vigoda 2002). Weberian bureaucracies with hierarchical order and strict rules are replaced with collaboration which requires negotiation, participation and cooperation with citizens. More information, ideas, and resources come from citizens to local officials through these administrative participation channels. Bureaucrats and citizens carefully engage in dialogue and deliberation to solve complex local challenges and coproduce urban services (Percy 1984; Wagenaar 2007). The collaborative efforts can help to achieve intended objectives by increasing the outputs and outcomes of local public services and programs. A few case studies identify some effects of collaboration in citizen participation programs. Advisory neighborhood commissions and a citizen summit in Washington D.C. designed a strategic plan conducive to achieving desired community outcomes (Moynihan 20003). Rock hill, South Carolina has implemented a 10 year strategic plan called Empowering

the Vision (ETV). It was initiated by citizen participation and achieved both tangible and intangible results (Wheeland 2003)¹⁴.

Finally, citizen participation mechanisms improve the effectiveness of local government performance by supporting the use of performance measurement and requiring local governments to report performance to citizen entities. Reporting the outputs and outcome of public programs to citizens directly motivates local governments to engage more in local government performance management and measurement, which is conducive to improving the outcome of local services. Many city and county governments report the service efforts and accomplishments to citizen boards or commissions (Poister and Streib 1999; Berman and Wang 2000). Scholar's opinions and empirical evidences indicate that citizen participation in administrative processes has positive impacts on the effectiveness of local government performance.

H₄: Administrative participation channels are positively associated with the effectiveness of local government performance

Social equity is an important democratic value that has been often neglected in the empirical studies of public administration (Frederickson 1990; Pitts 2011). The purpose of citizen participation is to reinforce the democratic ethos by expanding a variety of societal groups' access to bureaucracy (Nabatchi 2010). Despite the democratic purpose, few studies have empirically explored whether citizens' enhanced access contributes to more equitable outcomes of public services. The impact of citizen participation in administrative processes on equity is still unclear. Some scholars argue that citizen participation may ironically decrease equality in society because ethnic and religious minority, women, and indigenous and disable people are excluded in the participatory mechanisms (Kweit and Kweit 1981; Robert 2004). Even though local governments adopt a variety of citizen participation channels to expand citizen inputs in administrative decision-making processes, members of disadvantaged groups often lack the time and knowledge to actively engage and, thus, their voices and references are

¹⁴ The plan has completed a number of substantial projects such as building parks and community center, creating joint ventures, and hosting a local festival. As a result of the collaborative efforts, residents' trust, reciprocity, civic engagement and optimism have enormously increased (Wheeland 2003, p.61-62)

neglected. For example, many citizen advisory committees or boards and public hearing are not representative because white and male populations may dominate the programs (Franklin, Ho, and Ebdon 2009). Many citizen surveys fail in ensuring the representation of entire local populations due to the costs of time and effort (Robbin, Simonsen and Feldman 2008).

On the contrary, others emphasize admit the roles of citizen participation in administrative processes on the outcome of equity (Nabatchi 2010; Vigoda 2002). Vigoda (2002) argues that the New Public Management does not consider the values such as fairness, justice, representation, and participation, and the ignorance is troublesome. Public services must take into account social welfare, equity, equal opportunities by examining citizens' attitude and feelings through public participation channels. Democratic ethos for social equity is enhanced by informing and educating a variety of social groups, and collaborating with these groups (Nabatchi 2010). In practice, local governments attempt to include various groups' voices in the administrative processes by conducting citizen surveys with increased coverage (Robbin, Simonsen and Feldman 2008). Citizens can also modify the standards of performance measures suggested by local government and add equity-related performance indicators in the citizen initiated performance measurement, including the outcomes or output for diverse societal population groups (Ho and Coates 2004). Few studies have examined the contradictory arguments in a quantitative study. Therefore, this chapter suggests the following hypothesis to clarify the unclear association between administrative citizen participation and equity.

H₅: Administrative participation channels are associated with the equity of local government performance

This chapter also selects past performance, local government structures (form of government, at large elections, nonpartisan elections), population, diversity, metropolitan areas, northeast regions, the degrees of local government spending and performance management and measurement activities as control variables.

4.4. Research Design

4.4.1. Data Collection

Citizen participation practices are extracted from the ICMA State of Profession Survey 2006 and ICMA Municipal Form of Government Survey 2006. In the dataset of the IMCA State of Profession Survey, the questionnaires were mailed in the spring and summer 2006 to the Chief Administrative Officers of municipalities with populations of more than 2500. Of the 8,003 municipalities and counties that received surveys, 2,870 local governments responded to the survey (response rate: 35.9%). The questionnaires in the ICMA Municipal Form of Government Survey 2006 were mailed to 8,278 municipalities in 2006. In all, 3,864 municipalities responded to the survey (response rate: 46.7%). The two survey datasets were merged,¹⁵ and the combined set includes several participation mechanisms in administrative or policy processes. For control variables, the past local government performance are collected from the U.S. Census of Local Government Finance 2002 and U.S. Census of Government Employment and Payroll 2002 and the U.S. Census of population 2000. Local regional geographic data and managerial variables in local government are respectively obtained from ICMA State of Profession 2006 survey. Local political institutional variables and demographic data are respectively collected from the ICMA Form of Government survey 2006 and the Census of Population 2000.

4.4.2. Measurement

4.4.2.1. Dependent variables. In line with the chapter on e-government, this chapter runs a factor analysis to calculate the values of dependent variables. This chapter also uses the varimax rotation which utilizes orthogonal rotation methods.

¹⁵ The study runs a series of T-tests in order to check whether the merged dataset represents two original datasets. The result shows that primary explanatory variables do not statistically differ between the merged dataset and original data sets ($P < 0.05$). First, the mean numbers of direct democracy provisions were respectively 1.68 and 1.62 between the merged dataset and the ICMA Form of Government survey 2006. The mean numbers of administrative participation channels were respectively 3.32 and 3.35 between the merged data set and the ICMA State of Profession survey 2006. Lastly, the average adoption rates of the council manage form of government were respectively 62% and 60% between the merged and original datasets.

Table 4.2: Factor Analysis for Dependent Variables (Citizen Participation)

	Factor loadings		
	1: Efficiency	2: Effectiveness	3: Equity
Personal Income (per input)	.796	.395	.217
Unemployment rate (per input)	.960	.121	-.068
Education attainment (per input)	.970	.127	.025
Home ownership rate (per input)	.918	.227	-.182
Violent crime rate (per input)	.976	.043	-.077
Per Capita income	.091	.707	.453
Unemployment rate	-.069	-.695	.019
Education Attainment	.144	.732	.341
Homeownership rate	.207	.708	-.343
Violent crime rate	-.175	-.636	.098
Education coverage	.083	.191	.730
Gini Index	.226	.231	.763

Footnotes: Rotation- varimax

Orthogonal rotation is recommended when the correlations among each performance dimension are below 0.33 (here 0.330, 0.072, 0.069). Likewise, personal income, unemployment, educational attainment and homeownership rate, violent crime, educational coverage and the Gini index are explained by three performance dimensions of efficiency, effectiveness and equity. Community indicators with low factor loadings (cutoff: 0.4) are dropped as in chapter 3. The eigen values of efficiency, effectiveness and equity were respectively 4.457, 2.753 and 1.657. The percentage of total variances explained by three factors was 73.88% (% of each variance: 37.13%, 22.94% and 13.80%). The result shows that selected indicators have convergent validities within a factor and discriminant validity across different factors. Table 4.2 displays factor loadings among indicators used to calculate dependent variables.

4.4.2.2. Explanatory variables. The primary independent variables are measured by factor scores. High-level (constitutional) and low-level (operational) participation institutions are measured by calculating the factor scores of direct democracy and administrative participation. The items measuring citizen participation mechanism are from both the ICMA Form of Government tabulation in 2006 and the ICMA State of Profession tabulation in 2006. When

initiative, referendum, and recall exist in their municipal chapters, it is coded as ‘1’ and otherwise, as ‘0’. Administrative participation institutions are measured by the presence of consultative and informative participation channels in local governments. Consultative mechanisms are measured by whether local governments have interactive participation channels such as council meeting, neighborhood meeting, ad-hoc task forces, advisory citizen boards or commissions, citizen survey, and citizen initiated strategic plan as used by Wang (2000) and Yang and Callahan (2005). If local governments have such mechanisms, it was coded as “1” and if not, as “0”. Finally, informative mechanisms are measured by how many informative channels do local governments have when performance and citizen engagement in community problem-solving and decision-making are announced. If local governments have informative tools such as cable TV, email systems, newsletters, newspapers, mail delivery, and websites, it is codes as ‘1’ and if not as ‘0’.

Table 4.3: Factor Analysis for Independent Variables (Citizen Participation)

	Factor Loading	
	Administrative Participation	Direct Democracy
Initiative	.196	.810
Referendum	.148	.802
Recall	.168	.788
Council Meeting	.485	.020
Neighborhood Meeting	.586	.084
Citizen Board Commission	.583	.088
Citizen Ad-hoc Taskforce	.558	.224
Citizen Survey	.447	.174
Informing Citizen-Email	.505	.168
Informing Citizen-Cable TV	.513	.160
Informing Citizen-Local Government Website	.697	.097
Informing Citizen - Newsletter	.508	.042

Footnotes: Rotation-Direct Oblimin¹⁶

¹⁶ This chapter did not use the varimax rotation (orthogonal rotation method) which is commonly used. When two factors are assumed to be correlated, the direct oblimin rotation (oblique rotation method) is relevant (James 2009). In this study, the association between direct democracy provisions and

A factor analysis (table 4.3) was run to calculate the factor scores of direct democracy provisions and administrative participation channels. Citizen participation institutions are categorized by two factors of direct democracy provisions and administrative participation channels. In the factor analysis, a direct oblimin rotation is used because two factors are assumed to be correlated (Correlation: 0.464, threshold: below 0.33). Performance indicators with low factor loading (cutoff: 0.4) were dropped. Table 4.3 displays the factor loadings between different participation institutions. Eigen values of direct democracy provisions and administrative participation channels were respectively 2.942, and 1.172. The percentage of total variances explained by three factors was 38.78% (% of each variance: 22.31%, and 16.47%).

The chapter selects several control variables such as past performance, local government structures, demographic and regional characteristics and managerial size or practices. For the past government performance this chapter calculates the factor scores of community outcome indicators in 2000 as the chapter of e-government did. Local political structure is measured by several control variables such as the council manager form of government, at large election and nonpartisan election. Such structural variables incentivize local managers to design public participation mechanisms by reducing political uncertainty (Yang and Callahan 2007, Ebdon 2000). The structural variables may also affect local government performance. If a local government structure is the council manager form of government, at-large election, or nonpartisan-election, then they are respectively coded as “1” and otherwise as “0”.

This chapter also chooses local governments’ performance management and measures activities and the amount of local spending as control variables. Local governments which have higher budgets may adopt more citizen involvement programs despite considerable administrative costs. Local government performance may increase as local governments are actively engaged in performance management activities and use many financial resources. If local governments are engaged in performance management and measurement activities, it is coded as ‘1’ and if not, as ‘0’. The amount of local spending is measured by per capita total local expenditure. Population, diversity, central metropolitan areas and northeast region are included as control variables. Central metropolitan areas and northeast region are coded ‘1’ and other areas or regions are coded “0”. Population and diversity are respectively measured by per

administrative participation channels was tested, and the factor analysis also reports that two factors are correlated to each other (correlation: 0.464)

thousand population and Herfindahl–Hirschman Index. Table 4.4 and 4.5 below displays the measurement and descriptive analysis of the variables.

Table 4.4: Explanatory Variables (Citizen Participation)

Variables	Measurement	Sources
Independent Variables		
Direct Democracy	<i>Factor score of variables below</i>	
Delegative	Initiative (Yes: 1, No: 0)	ICMA FOG
	Popular referendum (Yes: 1, No: 0)	
	Recall (Yes: 1, No: 0)	
Administrative Participation	<i>Factor score of variables below</i>	
Consultative	Neighborhood meeting (Yes: 1, No: 0)	ICMA SOP
	Council meeting (Yes: 1, No: 0)	
	Town meeting (Yes: 1, No: 0)	
	Citizen participation on boards or commission (Yes: 1, No: 0)	ICMA SOP
	Ad-hoc task forces (Yes: 1, No: 0)	ICMA SOP
	Citizen survey (Yes: 1, No: 0)	
	Citizen boards or commissions in the strategic and long range planning (Yes: 1, No: 0)	ICMA SOP ICMA SOP
Informative	Presence of the tools announcing citizen engagement in community problem solving and decision making e.g. newspaper, newsletter, E-mail, website, TV channel, mailing, radio (Yes: 1, No: 0)	ICMA SOP
Control Variables		
Past Performance	Factor scores of 2000 community outcome indicators	Census data
Form of Government	Council Manager (Yes: 1, No: 0)	ICMA FOG
Council Election	At-large election (Yes: 1, No: 0)	ICMA FOG
	Nonpartisan election (Yes: 1, No: 0)	
Population	Per thousand Population	Census Population
Diversity	Herfindahl–Hirschman Index $[1-\sum(\text{percentage of each ethnicity})^2]$	Census Population
Metropolitan	Central Area (Yes:1, No: 0)	ICMA 2007
Performance activities	Performance management and measurement activities (Yes: 1, No: 0)	ICMA SOP
Amount of Local Spending	Per capita local expenditure	Census Finance

Footnotes: ICMA FOG: ICMA Form of Government 2006

ICMA SOP: ICMA State of Profession 2006

Census data: U.S. Census of Local Government Finance 2002,
U.S. Census of Government Employment and Payroll 2002 and
U.S. Census of Population 2000.

Census Population: U.S. Census of Population 2000

Census Finance: U.S. Census of Local Government Finance 2007

Table 4.5: Descriptive Statistics of Variables (Citizen Participation)

	N	Min	Max	Mean	SD
Efficiency	1129	1.665	11.443	0.000	1.000
Effectiveness	1129	3.589	3.519	0.000	1.000
Equity	1129	2.957	4.633	0.000	1.000
Efficiency 2000	1496	-1.575	11.19	0.001	1.000
Effectiveness 2000	1496	-6.532	3.459	0.001	0.999
Equity 2000	1496	0.578	2.009	0.902	1.423
Direct democracy provisions	1340	1.617	1.384	0.000	1.000
Administrative participation channels	1340	3.026	1.484	0.000	1.000
Council manager	1710	0.000	1.000	0.654	0.476
At large election	1637	0.000	1.000	0.653	0.476
Nonpartisan election	1628	0.000	1.000	0.815	0.388
Population	1493	1420	791350	25170	47400
Diversity (HHI Index)	1485	0.000	0.729	0.268	0.170
Metropolitan (central)	1710	0.000	1.000	0.078	0.268
Northeast	1710	0.000	1.000	0.189	0.392
Per capita expenditure	1470	0.000	69230	1830	2280
Performance management and measurement activities	1451	0.000	1.000	0.471	0.499

4.4.3. Analytical Procedures

A correlation analysis summarized by Table 4.6 is executed to report preliminary associations among the variables. The hypotheses were tested by a series of *Ordinary Least Square (OLS)* multivariate regressions because the dependent variables are continuous variables.

This chapter tests mediating effects of citizen participation institutions on local government performance and follows the four steps suggested by Baron and Kenny (1986) in establishing mediation¹⁷. The first step is to tentatively test whether direct democracy provisions are associated with local government performance (step 1). The second step tests whether direct democracy provisions affect administrative participation channels used as a mediating variable (step 2). The third step tests whether administrative participation channels have impacts on local government performance by controlling the effect of direct democracy provisions (step 3). The last step determines whether administrative participation channels fully (completely) or partially mediate the relations between direct democracy provisions and local government performance (step 4). Since such mediating effects are tested through several OLS regression analyses, this chapter also examines the OLS assumptions such as residual normality, homoskedasticity, and multicollinearity by conducting k-density analyses, Breush-Pagan tests, and VIF tests in a Stata 12.0 package¹⁸. F-tests across all regression models are also conducted to check the overall fits of the final regression models.

5.5. Results

The correlation analysis reports that citizen participation institutions have some associations with different dimensions of local government performance. Administrative participation channels are statistically associated with either effectiveness or equity. Direct democracy provisions are not correlated with any dimensions of local government performance. The OLS Regression results (Table 4.7 and 4.8) report that the F-values of all models are statistically significant ($p < 0.01$). Hypothesis 1 is statistically supported, and direct democracy provisions are significantly associated with administrative participation channels in all models (Table 4.7 Step 2: $\beta = 0.120, 0.126, \text{ and } 0.122, p < 0.01$).

¹⁷ This chapter does not run the Structural Equation Modeling (SEM) because latent variables of independent variables measured by the items of ICMA survey are dichotomous. Using dummy variables in SEM is not robust because such categorical data have fewer variations (Finney and DiStefano 2006).

¹⁸ Heteroskedasticities were found in some models, and robust standard errors were used to correct the heteroskedasticities. Other assumptions were satisfied among all of models.

Table 4.6: Correlation Matrix (Citizen Participation)

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
1. Efficiency	1.00																
2. Effectiveness	.00	1.00															
3. Equity	.00	.00	1.00														
4. 2000 efficiency	.85**	.04	-.08*	1.00													
5. 2000 effectiveness	.03	.82**	.02	.00	1.00												
6. 2000 equity	.07*	.15**	.69**	.02	-.05	1.00											
7. Administrative participation channels	.01	.17**	.25**	-.03	.16**	.23**	1.00										
8. Direct democracy provisions	.02	.06	.07	-.04	.01	.02	.26**	1.00									
9. Council-manager	-.02	.01	.16**	-.06*	-.02	.13**	.23**	.15**	1.00								
10. At-large election	.16**	.12**	.01	.16**	.11**	.08**	.01	.10**	.10**	1.00							
11. Non-partisan election	-.08*	.03	-.10**	-.07*	.08**	-.04	.18**	.28**	.14**	.01	1.00						
12. Population	.01	-.09**	.13**	-.05	-.05	.09**	.28**	.14**	.12**	-.15**	.05	1.00					
13. Diversity	.02	-.45**	.10**	-.03	-.32**	.02	.12**	.02	.14**	-.04	.04	.04	1.00				
14. Metropolitan	-.11**	-.17**	.20**	-.13**	-.16**	.14**	.20**	.09**	.09**	-.13**	0.06*	.52**	.21**	1.00			
15. Northeast	.06*	.06*	.15**	.08**	-.03	.12**	-.11**	-.16**	-.14**	.14**	-.49**	-.09**	-.13**	-.11**	1.00		
16. Per capita expenditure	-.34*	.03	.10**	-.48**	.01	.00	-.03	-.01	.03	-.10**	.06*	.01	.01	.05	-.06*	1.00	
17. Performance management and measurement activity	-.04	.06	.08*	-.00	.06	.06*	.27**	.07*	.08**	-.03	.03	.21**	.12**	.13**	-.05	.01	1.00

* p<0.05, ** p<0.01

Table 4.7: OLS Regression Results (Mediation Analysis: Step 2)

	DV=Administrative Participation Channels		
	Model 1a	Model 2a	Model 3a
	β	β	β
Direct democracy provisions	0.120**	0.126**	0.122**
2000 Performance (Efficiency)	0.013		
2000 Performance (Effectiveness)		0.142**	
2000 Performance (Equity)			0.181**
Council manager	0.151**	0.146**	0.284**
At large election	0.019	0.007	0.012
Nonpartisan election	0.120*	0.107*	0.125**
Population (Per thousand)	0.174**	0.116**	0.175**
Diversity (HHI index)	0.020	0.066*	0.020
Metropolitan (Central)	0.058*	0.084**	0.028
Northeast	0.015	0.028	-0.008
Per capita expenditure	0.024	0.026	0.020
Performance management and measurement activities	0.203**	0.191**	0.198**
N	959	959	959
F-values	20.26**	23.24**	28.28**
R-square	0.206	0.223	0.237

p<0.1, * p<0.05, ** p<0.01, Footnote: β =Standardized Coefficients

Hypothesis 2 is not statistically supported. The OLS result reports that direct democracy provisions do not have direct impacts on the efficiency, effectiveness and equity of local government performance (Table 4.8: step1, step 3). In the tests of hypothesis 3, 4 and 5, administrative participation channels are not statistically associated with efficiency

(Table 4.8, $\beta = 0.015$) but have significant relationships with effectiveness and equity (Table 4.8: step 3, effectiveness: $\beta = 0.152$, $p < 0.01$, equity: $\beta = 0.059$, $p < 0.05$).

Table 4.8: OLS Regression Results (Step 1, 3)

	Efficiency		Effectiveness		Equity	
	Model 1b	Model 1c	Model 2b	Model 2c	Model 3b	Model 3c
	β	β	β	β	β	β
Direct Democracy Provisions	-0.003	-0.005	0.028	0.006	0.015	0.006
Administrative Participation Channels		0.015		0.152**		0.059*
2000 Performance	0.796**	0.796**	0.688**	0.672**	0.646**	0.634**
Council manager	0.001	-0.001	-0.007	-0.024	0.083**	0.078**
At large election	0.036#	0.035#	0.048#	0.041#	-0.042	-0.044#
Nonpartisan election	-0.033#	-0.035#	0.031	0.015	-0.041	-0.048
Population (Per thousand)	0.059**	0.056*	0.010	-0.015	0.007	-0.004
Diversity (HHI index)	-0.013	-0.014	-0.202**	-0.212**	0.089**	0.087**
Metropolitan (Central)	-0.028#	-0.029#	-0.034	-0.047#	0.091**	0.088**
Northeast	-0.023	-0.024	0.054#	0.047#	0.099**	0.097**
Per capita local expenditure	-0.114#	-0.115#	0.022	0.017	0.075**	0.073**
Performance management and Measurement activities	-0.060**	-0.063**	0.069**	0.040#	0.001	-0.010
N	742	742	742	742	742	742
F-values	35.69**	33.02**	64.65**	75.87**	69.65**	64.43**
R-square	0.707	0.707	0.631	0.650	0.512	0.515

$p < 0.1$, * $p < 0.05$, ** $p < 0.01$

Footnote: 2000 performance = Factor scores of efficiency, effectiveness, equity in 2000

Step 4 examines whether administrative participation channels fully or partially mediate the relationship between direct democracy provisions and three dimensions of local government performance. The result summarized in table 4.8 reports that administrative participation channels fully mediate the relationship between direct democracy provisions and local government performance (effectiveness, equity) because direct democracy provisions are not directly associated with all dimensions of local government performance. It indicates that direct democracy provisions indirectly affect effectiveness ($0.019=0.126*0.152$) and equity ($0.007=0.122*0.059$) through administrative participation channels. Table 4.9 below reports the size of total effects of citizen participation institutions on local government performance.

Table 4.9: Total Effects of Citizen Participation Institutions

	Efficiency			Effectiveness			Equity		
	Direct	Indirect	Total	Direct	Indirect	Total	Direct	Indirect	Total
Direct Democracy Provisions	-	-	-	-	0.019	0.019	-	0.007	0.007
Administrative Participation Channels	-	-	-	0.152	-	0.152	0.059	-	0.059

Footnote: Values=Standardized Coefficients

Several control variables are statistically associated with the efficiency, effectiveness and equity variables. All dimensions of the past local government performance strongly influence current efficiency, effectiveness and equity. In all models, all dimensions of the past government performance positively affect administrative participation channels and the current efficiency, effectiveness and equity of local government performance. In local political structural variables, the council manager form of government and nonpartisan election is positively related to administrative participation channels. The council manager form of government has positive an impact on equity. In the demographic and geographic variables, population per thousand is positively associated with administrative participation channels and efficiency. While diversity and central metropolitan area are negatively related with effectiveness, it has a positive

association with equity. Northeast regions show a positive association with only equity. Per capital local expenditure is positively associated with equity. Lastly, performance management and measurement activities statistically increase the adoption of administrative participation channels and the effectiveness of local government performance even though it decreases efficiency.

4.6. Discussion and Implication

From the democratic perspective, citizen involvement in administrative or policy processes has been studied because such involvement can contribute to increased government performance by improving the quality of government decision making. Despite the effects of such citizen participation, few studies have investigated how various citizen participation institutions produce different types of outcome, in a robust quantitative way. In this context, the findings provide public managers with useful insights about the importance of citizen involvement efforts because such mechanisms substantively improve the effectiveness and equity of government performance at the local level.

The findings reveal that high-level participation institutions influence low level participations. When local governments have more direct democracy provisions in their municipal charters, they adopt more administrative participation institutions. Although prior studies have conceptualized different levels of participation mechanisms, they have not addressed or empirically tested how various mechanisms relate to each other (Fung 2006; Stewart 2007). The result implies that citizen interests in policy issues stimulated by direct democracy provisions at the constitutional level can incentivize public managers to design administrative participation channels at the operational level. This study benefits extant citizen participation literature by discovering a new antecedent of administrative citizen participation mechanisms. Moreover, from the institutional perspective, this finding is beneficial in explaining why public managers adopt or design various administrative management programs at the operative level, in response to high-level institutional environments beyond bureaucratic boundary (Williamson 2000).

However, the direct democracy provisions at the high institutional level did not directly increase the dimensions of local government performance. Given that citizen's direct control

mechanisms can force elected officials or administrators to pay attention to government performance management and measurement, it is a questionable result. A possible reason for the finding is that direct democracy provisions are not frequently implemented. Furthermore, officials may be heavily influenced by powerful groups (Moore and Ravishankar 2012). These barriers may result in failure to produce intended outcomes. Another interpretation is that the measurement of direct democracy provisions may be imperfect because this study measures only the existence of such provisions in municipal charters. The actual implementation of direct democracy provisions may produce greater substantive outcomes. Despite this methodological limitation, the finding shows that direct democracy indirectly improves the effectiveness and equity of local government performance through administrative participation channels (see table 5.8).

The findings reveal that administrative participation channels do not increase efficiency. Though an empirical study indicates that citizen participation increases efficiency (Neshkova and Guo 2012), our result seems to be reasonable, considering that there are two opposite rationales on the impacts of citizen participation mechanisms on economic or efficiency gains (Irvin and Stansbury 2004; Moynihan 2003; Robert 2004). On one hand, local governments can reduce the cost of public services by eliminating wasteful projects and improving inefficient bureaucratic processes through citizen monitoring and can save implementation costs by mitigating citizen resistance. On the other hand, participation mechanisms entail considerable administrative costs because establishing participation channels is costly, may delay important decision-making processes, and can weaken the control of decision-making. Such negative effects could offset the cost-efficiency achieved by administrative citizen participation mechanisms.

Administrative participation channels positively influence the effectiveness of local government performance as most studies argue (Neshkova and Guo 2012, Kweit and Kweit 2004; Moynihan 2003; Woolum 20011). Local governments can listen to citizens' ideas through various administrative channels. Informative mechanisms are also indirect channels which encourage citizens to be more interested in important policy issues. Increased interests motivate citizens to suggest their ideas through consultative channels where more careful policy deliberation may occur. Citizens' suggestions can help to achieve the outcomes of public programs by enhancing the quality of decision-making. The finding provides public managers

with an important implication: they should obtain citizen opinions by creating effective participation channels in order to improve government performance.

Finally, administrative participation channels have a positive impact on the equity of local government performance. At the local level, the finding is the first large N empirical evidence demonstrating that administrative participation institutions improve equity. From the democratic perspective, the result is an important contribution because democratic reforms such as citizen participation programs can produce equitable outcomes. Instead of the view that participatory programs are controlled by dominant groups (Kweit and Kweit 1981; Robert 2004), the empirical finding supports the argument that administrative participation channels offer disadvantaged or underrepresented groups new chances to participate in policy deliberative processes (Nabatchi 2010; Vigoda 2002; Ho and Coates 2004). Elected officials or administrators can create more policies that benefit excluded groups in response to minority groups' increased voices in many participation channels. Practitioners need to consider designing more administrative participation channels to embody democratic ethos in decision-making to improve the outcomes of government programs despite the increase in administrative costs.

In the interpretation of control variables, some findings are notable. First, the effectiveness and equity in 2000 are positively related to the adoption of administrative participation channels. The finding is opposite to the prior empirical evidence that poor government performance increases citizens' motivation to participate and motivates government to establish participation programs in order to improve the poor outcomes (Vigoda 2002). The finding shows that local governments are incentivized to design more participation mechanisms when the effectiveness and equity of performance are high. The reason may be that local governments which achieve high performance attempt to use various tools for increased outcomes. They believe that citizen participation channels can be an effective way to improve local performance. However, local governments which seek efficiency gains do not adopt many citizen participation mechanisms which entail costs in order to reduce administrative costs. The findings also show that the past government performance affects the current performance.

Local political structure is associated with increased administrative participation channels and some government performance dimensions. The council manager form of government use more citizen participation mechanisms. The finding is consistent with that of prior studies (Yang and Kallahan 2007; Wang 2001). Council manager form is also positively

related to equity but does not show associations with efficiency and effectiveness. As explained in chapter 3, appointed managers can focus on enhancing the coverage and fairness of public services without being as constrained by political contexts. Interestingly, nonpartisan election is a new indicator to increase administrative participation channels. Local governments in partisan cities may not be motivated to design many participation mechanisms because citizens in those cities perceive political conflicts as negative and thus, are not interested in participation activities (Yang and Kallahan 2007).

Population is positively associated with administrative participation channels and efficiency. As prior empirical studies have found, large cities adopt more participation mechanisms (Protasel 1989; Nalbandian 1991) and attempt to efficiently manage large bureaucracies. Ethnic diversity has negative impacts on effectiveness, but are positively associated with equity. Minority groups in racially heterogeneous and central metropolitan cities are suffering from social or economic hardship and segregation, but local governments may seek to enhance more equitable outcomes to decrease such economic and social gaps. The reason for the positive impact of northeast regions on equity is that residents in this region have been traditionally supported the Democratic Party to consider minority groups' rights.

Local managerial characteristics have some associations with administrative participation and local government performance. Governmental efforts to manage and measure performance lead to greater adoption of administrative participation channels, reducing efficiency. Lastly, per capita local expenditure is negatively related to efficiency but positively affects equity. Much spending weakens efficiency by increasing operating costs but can contribute to equity by extending the scope and coverage of public services.

4.7. Limitation and Future Study

Over the past two decades, market-driven reforms have been a dogma. Government has attempted to implement such reform programs to improve government performance. However, our study statistically demonstrates that citizens' democratic participation is indispensable to increased government outcomes through a robust research design.

Despite such effort, some limitations still remain in this study. The first limitation comes from the measurement of local government performance employed by this study. The

measure of efficiency is an outcome-efficiency measure, not an output-efficiency measure. Therefore, our finding on efficiency should be interpreted accordingly. Our results cannot be used to say that participation mechanisms have no relationship with individual employee efficiency/productivity or a specific agency or program's technical efficiency. There actually might be a negative relationship. Similarly, the equity measure employed in this dissertation captures only economic equality (Gini index) and educational coverage. It may not reflect other equity or equality concerns such as environmental justice, health care access or fairness in law enforcement. Future studies need to examine the impacts of participation mechanisms on local government performance measured at different analytic levels and with different efficiency and equity measures.

This study also examines how citizen participation mechanisms affect local government performance. However, even though local governments have many participatory channels, we do not know how much or how often they capitalize such channels. Future studies need to measure the substantive use of participation mechanisms in government and empirically test how such substantive citizen participation improves government performance. On the other hand, this study does not portray how citizens' inputs generated through participation channels contribute to increased government performance. Many citizen participation programs are unauthentic even though they are frequently implemented. A qualitative study can complement the quantitative methods by describing the actual aspect of citizens' involvement in real participation programs.

In spite of these limitations, this chapter provides practitioners with an important message about why governments need to design various participation mechanisms to improve government performance. This study demonstrates through a large N quantitative analysis that citizen participation programs can have instrumental benefits, in addition to normative benefits. Although citizen participation mechanisms do not increase efficiency due to increased administrative costs, they improve the effectiveness and equity of local government performance. The results support the rationale of collaboration theory that government can produce desired outcomes by cooperating with various societal actors. Our study indicates that citizens are important partners with whom government should collaborate to yield desired outcomes of public services or policies. In particular, citizen participation mechanisms increase equity. The result is an important contribution to democratic theory. Given the fact that the outcomes of public management practices should include a variety of values, our results show

that citizen involvement efforts embody democratic values by producing more equitable outcomes of public programs.

In addition, this study identifies the associations between public participation mechanisms from an institutional perspective. Direct democracy provisions at the municipal charter level influence the adoption of administrative participation channels at the operational level. They indirectly incentivize administrators to design more participation programs. From the institutional perspective, these results provide new implications about why administrative programs at the operational level are designed in response to external institutions outside public bureaucracy. Future studies can examine the impacts of external high level institutions on administrative institution such as organizational rules or particular policy implementation programs, in addition to citizen participation mechanisms. We expect that this study will be an initial step in understandings the associations between citizen participation and various values of government performance.

CHAPTER FIVE

COMPETING VALUES: LOCAL SERVICE CONTRACTING OUT AND MULTIPLE DIMENSIONS OF LOCAL GOVERNMENT PERFORMANCE

5.1 Overview

Over many decades, local governments have contracted out many local public services. Contracting out is designed to reduce the costs of local service deliveries as well as to enhance the service quality (Donahue 1989; Dehoog 1990; Fernandez 2007, 2009; Savas 2000; Sclar 2000; Johnson and Walzer 2000). Empirical studies have shown mixed results in examining the effects of local service contracting on the performance of local government services (Boyne 1998). Some studies have found that contracting out contributes to reduced employment or expenditures (Cope 1995; Johansson 2008; Fernandez, Smith and Wenger 2006), enhanced quality of public services (Selden, Sowa, and Sandfort 2006; Amirkhanyan, Kim and Lambright 2010), and increased actual outcomes of public programs (Heinrich 2009; Lamothe and Lamothe 2010; Mcbeath and Meezan 2009). Other studies have found that contracting out has no significant impacts on public service performance (O'Toole and Meier 2004; Heinrich and Choi 2007) or, rather, increases the influence of organized interest groups (Kelleher and Yackee 2008) or entails local residents' tax burdens (Carroll and Calabrese 2012). The mixed empirical evidence may result from prior studies' focus on the impacts of contracting out on individual service outcomes (Selden, Sowa, and Sandfort 2006; O'Toole and Meier 2004) as well as from the lack of multiple and objective performance indicators in the same studies (Amirkhanyan, Kim and Lambright 2010). Moreover, few studies have examined the effects of contracting out on equity, one of the important performance dimensions (Smith and Fernandez 2010).

To overcome such limitations, this chapter empirically examines whether the success factors identified by prior contracting studies influence the multiple dimensions of local government performance. Particularly, this study investigates the impacts of public contracting on equity, a performance dimension that has rarely been examined in prior contracting studies. The investigation helps understand the importance of democratic values that have seldom been considered in contracting study. In addition, this study explores the impacts of external support for local contracting on the outcomes, because the new variable has not been tested in prior

studies. Given that public bureaucracy is highly influenced by external environments, examining the external impacts on contracting outcomes can provide insights on the importance of external support for public contracting.

5.2 Theoretical Background: Effective Contracting and Performance

Prior studies on contracting out have explained several elements which contribute to the success of public service contracting out, based upon theories and studies (Amirkhanyan 2009, 2011; Brown, Potoski and Van Slyke 2006; Dohoog 1985; Dias and Maynard-Moody 2006; Romzek and Johnson 2002, 2005). Empirical quantitative studies have also assessed the success of contracting out by examining the elements that affect public service performance (Fernandez 2007, 2009; Heinrich and Choi 2007; Lamothe and Lamothe 2009, O'Toole and Meier 2004; Yang and Hsieh and Li 2009). Both types of studies have found that contracting performance is influenced by service provider's ownerships, competition, government's contracting management capacity, and contracting relationships, etc. Prior studies have rarely examined how these elements may produce different outcomes in terms of competing values. Brown, Potoski and Van Slyke (2006, p, 324) emphasize the importance of values in the study of contracting:

“An important first step for either practicing or studying contracting is identifying and prioritizing the often politically contentious stakeholder preferences at each stage. In this way, public managers can weigh relevant values (e.g., equity and efficiency) against one another in the contexts of externally imposed constraints. Effective management requires reaching out to identify broad stakeholder preferences and frame trade-offs among them regarding services”

In this sense, researchers who study contracting should investigate the success factors that produce different outcomes in terms of competing values. The investigation helps understand the complexities surrounding contracting management and government performance. Effective contracting management requires public managers to consider the factors that help achieve various service delivery values (e.g. efficiency, effectiveness, and equity) in response to stakeholders' competing preferences. This chapter identifies several factors which influence

public service contracting and empirically investigates how they affect multiple dimensions of government performance at the local level.

5.2.1 Scope of Contracting

The scope of contracting measures the extent to which government uses contracting out in public service delivery. A large amount of contracting in public service delivery is associated with government performance, but the empirical evidence has been mixed. Much of the prior research has used individual services (Amirkhanyan 2009; Amirkhanyan, Kim and Lambright 2008) or the agencies (Lamothe and Lamothe 2010; Selden, Sowa, and Sandfort 2006) as the unit of analysis in examining the outcomes of contracting out. Few studies have investigated the overall government performance produced by the amount of contracting across the entire ranges of public services at the community level. For more generalized understandings on the impact of contracting on government performance, this study empirically tests how the scope of contracting used by a local government in delivering all local public services affects broad community outcomes.

First, the use of contracting can increase or decrease the efficiency and effectiveness of government performance. Several competing theories address the relationships between contracting out and efficiency and effectiveness. The recent New Public Management (NPM) theory emphasizes that the public sector should actively adopt the principles of private management to improve efficiency, customer satisfaction and the quality of public services (Hays and Kearney 1997; Hood 1995; Thompson 2000). The recent reform theorists argue that privatization is an alternative to increased efficiency and service quality by directing private organizations to produce governmental services in efficient and effective ways. Empirical studies have found that contracting out improves the efficiency and effectiveness of the public sector performance (Fernandez, Smith and Wenger 2006; Lamothe and Lamothe 2010; Selden, Sowa, and Sandfort 2006). Fernandez, Smith and Wenger (2006) found that increased public service contracting out decreases the number of full-time local public employees. The result indicates that contracting contributes to the efficiency by scaling back wasteful human resources in local governments. Some researchers also find that contracting increases actual outcomes by

improving children school readiness in early educational service or reducing contracting violations in human service (Lamothe and Lamothe 2010; Selden, Sowa, and Sandfort 2006).

In contrast, some theories deny the impacts of contracting on increased efficiency and effectiveness. The publicness theory explains the impact of the ownership in public service delivery on government performance (Bozeman 1987; Andrew, Boyne, and Walker 2011). It emphasizes that private management is not always applicable to public service contracting because public agencies are constrained by external political controls, formal rules, and multiple goals (Rainey 2003). The transaction cost theory also posits that when particular services have asset specificity and measurability difficulty, they should be produced by in-house rather than by market competition (Brown and Potoski 2003; Williamson 2000). Many public services have high levels of transaction cost, and contracting such public services out is not appropriate. Several empirical studies also support the rationales that contracting has nothing to do with the efficiency and effectiveness of government performance (Cope 1995; O'Toole and Meier 2004; Heinrich and Choi 2007). Contracting out has negative impacts on the efficient operation of local finance by increasing local residents' tax burdens within communities (Carroll and Calabrese 2012). Contracting out in educational policy also indicates that contracting spending in school district and contracting supplementary educational services out do not increase students' test scores (O'Toole and Meier 2004; Heinrich and Choi 2007). The conflicting rationales and findings make it difficult to fully understand the substantive outcomes produced by public contracting. For more generalized understanding on the impact of contracting on government performance, this chapter attempts to clarify the unclear association by testing the following hypothesis.

H₁: The percentage of contracted services among total services is associated with the efficiency and effectiveness of local government performance

The impact of contracting out on equity is also a controversial issue. Traditional theories of public administration argue that public services should be made accessible to all societal groups by allowing redundancy and maintaining public values (Landau 1969; Bozeman 1987). Eradicating redundancy for economic or efficiency gains may damage democratic values such as equity. Contracting out reduces the scope of public bureaucracy by leading private sectors to produce public services. Decreased public boundaries may produce unintended

outcomes such as reduced equity due to minority groups' decreased access to public services. On the other hand, some scholars argue that the use of public contracting contributes to equitable outcomes by enhancing minority groups' involvement in contracted public services (Savas 2000; Smith and Fernandez 2010). Collaboration theory posits that cooperative (or relational) contracting with various societal actors produce desired outcomes (Amirkhanyan 2009; Dohoog 1985). Relational contracting with non-profit organizations in social, human, welfare public services contributes to the equity value of government performance by providing social benefits to disadvantaged groups (Andrews & Entwistle 2010). This study intends to clarify those conflicting rationales. The following hypothesis is proposed to examine the association between the scope of contracting and equity, which has rarely been examined in prior quantitative studies.

H₂: The percentage of contracted services among total services is associated with the equity of local government performance.

5.2.2 Contractors' Sector Affiliation

Different characteristics associated with service providers' sector may produce different public sector outcomes. In public service contracting, for-profit organizations and nonprofit organizations pursue different values and goals. A number of contracting studies in individual service areas (e.g. job training, nursing homes, social and human services, child cares, and health care) have examined whether sector-based difference between for profit and non-profit providers yields different outcomes. Despite considerable bodies of the research, prior studies have found mixed evidence on the sector-based difference in performance. Most studies report that there are no or little differences in the cost and quality of services between two sectors (Amirkhanyan Kim and Lambright 2008; Heinrich, 2003; Lamothe and Lamothe 2010; Leviten-Reid 2010; Luksetich, Edwards and Carroll 2000; Rosenau and Linder, 2003; Whitesman and Fernandez; 2012). Several studies show that the particular sector outperforms other organizational forms in costs of public service contracting (Knox, Blankmeyer, & Stutzman, 2006; Rosenau and Linder, 2003). Knox, Blankmeyer, & Stutzman, (2006) find that for-profit organizations are more cost-efficient in the contracting of nursing home in Texas than nonprofit forms, while Leviten and Reid (2010) indicate that non-profit organizations are better in producing cost-efficient outcomes

in healthcare services than for profit organization. Some studies also report that non-profit organizations do better in non-traditional indicators such as access, trust, and customer satisfaction than for profit providers (Rosenau and Linder, 2003; Whitesman and Fernandez; 2012; Handy et al., 2010). The mixed findings may result from prior studies' orientations that investigate the impact of contracting on a single performance dimension in particular service areas. This study examines whether contracting with profit or nonprofit providers is associated with on different types of government performance (efficiency VS equity) in order to discover more detailed evidence regarding the impacts of contractors' sector affiliations on the public sector performance. The investigation helps understand the characteristics of different sectors which produce different outcomes in terms of competing values.

Local governments seek to save money by applying private sector disciplines to the productions of public goods (Bloomfield 2006). If a goal of contracting out is to increase the efficiency of public service delivery, private contractors may be desirable because they are incentivized to deliver public services in efficient ways in order to make profits. They are less exposed to excessive oversights, political pressures, and rigid rules (Osborne and Gaebler 1992; Rainey 2003). Private vendors are motivated to maximize their profits (Brown, Potoski and Van Slyke 2006). They attempt to streamline work processes and maximize employee productivity, which contributes to efficient outcomes by reducing the production costs of contracted services. Though some empirical studies did not show clear associations between contracting with for-profit and cost-efficiency (Lamothe and Lamothe 2010; Rosenau and Linder, 2003; Whitesman and Fernandez; 2012), other empirical studies find that for-profit contracting increases cost-efficiency (Chi and Jasper, 1998; Cope 1995; Dilger, Moffett, and Struyk, 1997; Knox, Blankmeyer and Stutzman 2006). For example, contracting-out school cleaning to private contractors sometimes results in the considerable savings¹⁹ of the school cleaning costs by employing fewer cleaners at a lower pay rate (Cope 1995) and private secular nursing facilities are less costly than nonprofit organizations such as religious nursing homes (Knox, Blankmeyer and Stutzman 2006). From the rationale and empirical evidence, this chapter assumes that contracting out to private vendors contributes to the efficiency of local government performance.

¹⁹ Kent CC reported the total savings of 1,389,760 in 1985-86.

H₃: Local contracting with for-profit organizations is positively associated with the efficiency of local government performance.

Although many studies have examined how non-profit contractors affect the cost and quality of public services, most studies have reported mixed evidence (Amirkhanyan Kim and Lambright 2008; Heinrich, 2003; Leviten-Reid 2010; Luksetich, Edwards and Carroll 2000; Whitesman and Fernandez; 2012). The contradictory findings imply that nonprofit service providers improve unique dimensions of government performance in addition to cost and quality, in that they consider social values rather than profit-maximizing. Some empirical evidence indicates that nonprofit organizations are more trustworthy and accessible than for profit organization and thus, improve customer satisfactions (Handy et al., 2010; Rosenau and Linder 2003; Whitesman and Fernandez; 2012).

In this sense, contracting out with non-profit organizations may be related to the equity of local government performance because minority groups may have increased access to public services through non-profit service providers. Most nonprofit or voluntary organizations have been created to support the needs of disadvantaged, excluded and underrepresented groups (Le Grand 1982). Local governments take advantage of these non-profit vendors to enhance the fairness of public service delivery, which lead to more equitable outcomes of public services. An English local social service manager refers to the roles of non-profit providers on equity in an interview:

“Nonprofits are recruited on the basis of their expertise in delivering services to minority or excluded groups; social service managers, for example, pointed to partnership with nonprofit as critical to providing equitable care for the elderly” (Andrews & Entwistle 2010. p. 684).

A few empirical studies touched on the impact of contracting out with nonprofit contractors on social equity (Andrews & Entwistle 2010; Rosenau and Linder, 2003). Partnerships with non-profit organizations increase the equitable outcomes of social and welfare services (Andrews & Entwistle 2010). Rosenau and Linder (2003) reviewed 149 studies that have been published since 1980 and found that nonprofit providers in health care services do better in providing the amount of charity care than for profit providers because it is consistent

with their mission such as philanthropy, service to the poor and social solidarity. From the reasoning and empirical findings, this study suggests a hypothesis that contracting with nonprofit organizations is more likely to improve the equity of local government performance.

H₄: Local contracting with nonprofit organizations is positively associated with the equity of local government performance.

5.2.3 Market: Competition

Market is an important arena where the success of contracting out is decided through competition among plural service vendors. Public choice theory explains why competition is likely to produce effective contracting of public services. The theory assumes that polycentric structures in the public sectors are beneficial in improving public service performance by facilitating competitions among governments, nonprofits, and private organizations (Ostrom, Tiebout, and Warren, 1961; Tiebout 1956). From the rationale, government attempts to form a market where a number of vendors compete with each other. Governments expect that a market will encourage numerous service vendors to participate in the bidding process, which shall improve overall contracting efficiency (Johnston and Girth 2011; Savas 2000, 2002; Van Slyke 2003). A competitive market with plural bidders plays an important role in reducing production costs through competitive vendor selection processes (Savas 2002; Van Slyke 2003). Service providers are incentivized to maximize the outputs of public service, with fewer inputs, to get new government contracts or renew existing contracting out in the competitive bidding processes. For example, Florida law requires that procurement of more than \$25,000 must be contracted in the competitive biddings. The “invitation to bid” (ITB)²⁰ is one of the primary tools used to select lower bidding prices (Lamothe and Lamothe 2009, p.331). Empirical evidence also indicates that competition improves the efficiency of public services. Lamothe and Lamothe (2010) find that competition decreases the probability of contract retention, which motivates extant contractors to lower the prices of bids to renew their contracts. This study assumes that

²⁰ In the bidding processes, the price per service unit is usually the most important indicator when selecting final service providers.

competition increases the efficiency of local government performance by reducing costs in producing public services.

H₅: Competition in local service contracting out is positively associated with the efficiency of local government performance.

In contrast, competition is not necessarily or negatively associated with enhanced effectiveness and equity of government performance. In public management, stability is an important element in improving public service performance (O'Toole and Meier 2003). Contracting studies emphasize the stability of contracting and thus note cooperative (relational) contracting based upon long-term relationship in improving contracting performance (Dehoog 1990; Graddy and Chen 2006; Van Slyke 2007). Competition increases contracting instability by resulting in more frequent changes in service providers, which decreases the outcomes of contracting (Lamothe and Lamothe 2010). Johnson and Romzek (2008) find in a case study of social welfare contracting that provider instability is negatively linked to the client outcomes such as those weakening frail elders' health and welfare. On the other hand, competition causes service providers to be exposed to increased pressure in cost-savings (Sclar 2000). Contractors may seek cost-savings by reducing the access and coverage of public services. The decreased scope of public services negatively affects the equity of local government performance because minority groups may have fewer chances to take advantage of contracted public services.

H₆: Competition in local service contracting out is negatively associated with the effectiveness and equity of local government performance.

5.2.4 Contracting Management Capacity

Contracting management capacity plays an important role in the success of contracting out (Brown and Potoski 2003, 2006; Romzek and Johnston 2002, 2005; Yang, Hsieh and Li 2009). Brown and Potoski (2003) recognize three aspects of capacities that government should possess in order to effectively manage contracting in different stages: (1) feasibility capacity, (2) implementation capacity (3) evaluative capacity. Specification, monitoring and performance measurement in contracting processes represent contracting management capacities in formative,

implementation and evaluative stages (Yang and Hsieh and Li 2009; Heinrich 1999). A few theories explain the rationale of why government should retain capacities in improving contracting performance. Principal-agent theory seeks to explain contracting management relationships between government (principal) and contractors (agents). The theory assumes that service providers with self-interests engage in adverse selection and seek to maximize their benefits, thus presenting a moral hazard (Brown, Potoski and Van Slyke 2010; Van Slyke 2007). To control contractors with self-interests, government should have capacities that specify contracting terms, establish monitoring systems, and measure contractors' performance. Transaction cost theory has been also used to explain contracting management capacity (Andrew 2008; Brown and Potoski 2003; Clingermayer and Feicok 1997). The theory depicts the costs associated with searching for vendors, negotiating contracting terms, and enforcing contracting. The costs of negotiating and enforcing are thought to be reduced when government has the capacities to clarify contract terms and thoroughly monitor the contracting process. The core competency theory emphasizes that core activities should be carried out by government while non-core activities may be contracted out (Yang and VanLandingham 2011). Government's capacities in managing contracting are core activities for effective contracting. Accordingly, when government possesses such core functions, it achieves improved government performance.

At the initial stage, government negotiates with contractors to clarify the conditions and performance standards of contracting. Romzek and Johnson (2005) suggest that government is likely to enhance the effectiveness of contracting when the responsibility and relationship of contracts are clearly articulated and reported. Empirical evidence also indicates that contract specification improves public service performance (Fernandez 2009; Yang and Hsieh and Li 2009). Yang and Hsieh and Li (2009) find that clearly defining the conditions of contracts is positively associated with public managers' perceptions of improvement in cost and quality. Fernandez (2009) shows that contract specificity can reduce the costs of contracted public services in comparison to in-house costs. The studies indicate that government can produce desirable outcomes by clearly specifying the terms, conditions and performance standards that service providers should achieve.

H₇: Local governments' capacity to specify contracting terms is positively associated with the efficiency, effectiveness, and equity of local government performance.

Monitoring forces contractors to achieve the performance of contracted services by checking the implementation of contracting terms (Brown and Potoski 2006; Marvel and Marvel 2007). Monitoring is enforced by contractors' self-reports as well as by government and third parties (Amirkhanyan 2007). Monitoring reduces information asymmetry and contractors' moral hazards that produce waste as contractors seek profit maximizing and other private goals. Contractor's opportunistic behaviors are decreased by effective monitoring systems, which contribute to increased contract performance. Fernandez (2009) finds that intensifying monitoring of private contractors positively affects public service performance including cost reduction, productivity and timelines. Empirical evidence indicates that government contracting practices that integrate monitoring or auditing systems improve performance in social service contracting at the state level (Lamothe and Lamothe 2010). This chapter suggests that government monitoring can improve local government performance by enhancing the cost-saving and quality of contracted local services.

H₈: Local governments' capacity to monitor contracting implementation is positively associated with the efficiency, effectiveness, and equity of local government performance.

Lastly, local governments should effectively measure the performance of contracted public services at the evaluative stage (Heinrich 1999; Amirkhanyan 2011; Ramzek and Johnston 2005). Poister and Streib (1999) argue that performance measurement contributes to actual outcomes by providing meaningful information in the budget processes, strategic management, and program evaluation. Government can measure the outcomes of result-based reforms in the ways that reflect the complexity and multiplicity of public service performance (Moynihan et al 2011). In contracting management, performance measurement enables local government to incentivize contractors to improve various dimensions of contracting performance. An empirical study indicates that local governments can provide contractors with monetary rewards or they can renew existing contracting when contractors achieve increased outcomes in a performance-based contracting (Heinrich 2009). From the rationales, this chapter assumes that local governments' contracting management capacities in performance measurement positively affect local government performance by thoroughly evaluating contract performance.

H₉: Local governments' capacity to measure the performance of contracted services is positively associated with the efficiency, effectiveness, and equity of local government performance.

5.2.5 Environment

External environment plays a key role in the success of contracting out. Public management studies place an emphasis on the importance of managing environment (Meier and O'Toole 2008; O'Toole and Meier 1999; Waterman Rouse and Wright 2004). In contrast with private organizations, public organizations are exposed to considerable pressures from multiple external stakeholders with different values and goals (Waterman Rouse and Wright 2004). Public organizations achieve managerial effectiveness by adequately buffering negative exogenous forces and ensuring stable external support (O'Toole and Meier 1999).

Public management studies have examined the roles of politics on managerial effectiveness. Pandey and Wright (2006) find that complex political environments increase goal and role ambiguity in public organizations because of different stakeholders' demands. Political support improves public employees' organizational commitment by making bureaucratic structures and communication effective (Yang and Pandey 2008). Stable environment also positively affects organizational performance. Anderson and Mortenson (2008) find that incremental changes in local school budgets improve students' test scores by providing schools with stable resources allocations. Despite the importance, few contracting studies have addressed how environmental factors in contracting management influence the public sector outcomes. External environments are an important factor that improves contracting performance through stability and resource acquisitions. Particularly, political environment is related to effective contracting out because local bureaucracy is directly affected by political contexts.

As general political support affects organizational practices and performance, external support for public contracting may contribute to the performance of contracted public services. When local public agencies receive stable support for contracting from elected officials and citizens, they can effectively manage the processes of contracting by clarifying the goals of contracting, adequately designing the structure and communication channel of contracting. Strong political support also enables local bureaucracy to acquire stable financial resources such

as contracting budgets. From this logic, this study hypothesizes that external support improves local government performance by spurring effective contracting designs and stable contracting.

H₁₀: External support for local service contracting is positively associated with the efficiency, effectiveness, and equity of local government performance.

Figure 5.1 displays how success factors in contracting management influence multiple dimensions of local government performance.

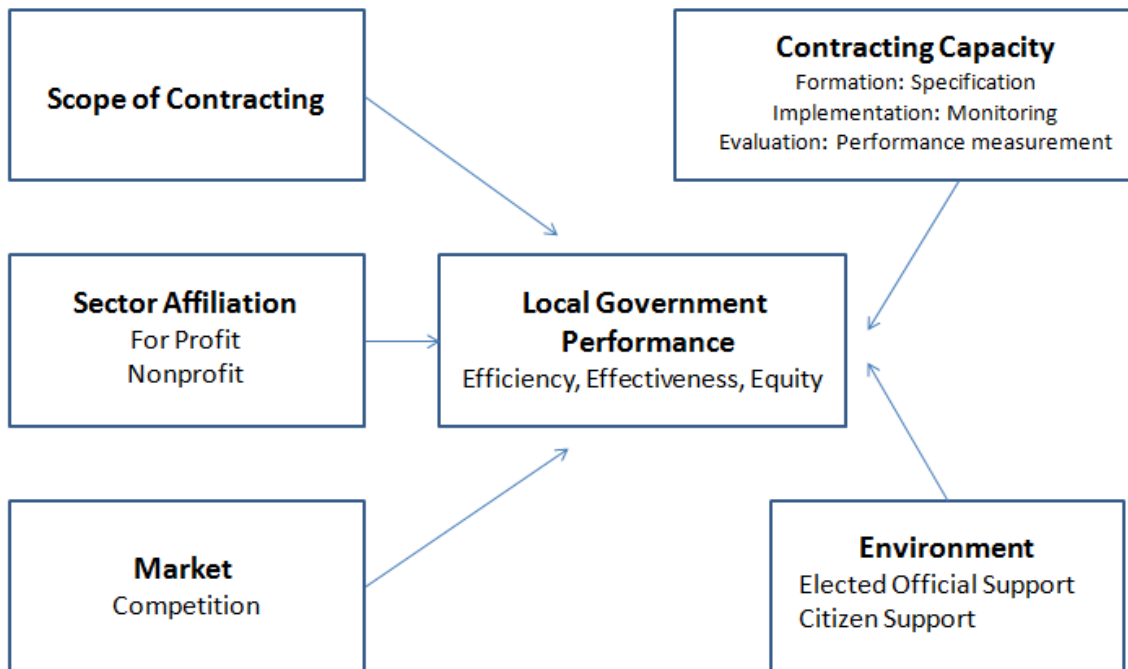


Figure 5.1: Public Contracting and Local Government Performance

In addition to these successful factors, a few variables are selected to control the effects of local service contracting on local government performance. The control variables include the past government performance, form of government, community population and diversity, and metropolitan area, northeast region.

5.3 Research Design

5.3.1 Data Collection

In this chapter, the unit of analysis is local governments including municipality and county because the dependent and explanatory variables are measured from cities and counties with populations over 2500. To measure the independent variables, the study employs data from the ICMA Alternative Service Delivery Survey 2007. In the survey, letters providing local governments with a web address (survey questionnaires) were mailed to the Chief Administrative Officers in 6,095 municipalities and counties with population of more than 2500. 1599 respondents who had received letters answered the survey (Response rate: 26.2%). The past government performance is collected by the U.S. Census of Local Government Finance 2002, U.S. Census Government Employment and Payroll 2002 and the U.S. Census of Population 2000. Community demographic indicators are also collected from U.S. Census of Population 2010 to measure several control variables. Geographic variables and form of government were from the ICMA Alternative Survey Delivery 2007.

5.3.2 Measurement

5.3.2.1 Dependent variables. The overall scores of efficiency, effectiveness and equity are measured by the factor scores of the community outcome indicators proposed in chapter 2. An exploratory factor analysis summarized in Table 5.1 is conducted to calculate the factor scores as well as to test the validity of various performance indicators. To calculate the factor loadings and scores, the chapter conducts a varimax rotation because the factors are assumed to be uncorrelated (threshold (below 0.330): -0.036, 0.042, and 0.082). The factor analysis (see table 3.1) identifies that five indicators of efficiency and effectiveness and two indicators of equity were respectively explained within a factor (convergent validity). Such indicators were also categorized by different factors (discriminant validity). The factor analysis reports that population growth rate, poverty rate, black unemployment and redistributive spending were not explained by factors because of low levels of factor loadings (below 0.4). This chapter drops these indicators in calculating factor scores. Eigen values of efficiency, effectiveness and equity

were respectively 4.993, 2.538 and 1.828. The percentage of total variances explained by three factors was 77.99% (% of each variance: 41.61%, 21.14% and 15.23%).

Table 5.1: Factor Analysis for Dependent Variables (Contracting out)

	Factor loading		
	Efficiency	Effectiveness	Equity
Personal income (per input)	.997	.047	-.009
Unemployment rate (per input)	.999	.006	-.019
Educational attainment (per input)	.999	.014	-.014
Homeownership rate (per input)	.998	.008	-.030
Violent crime rate (per input)	.999	.004	-.020
Per capita Personal Income	-.004	.770	.155
Unemployment rate	-.009	-.696	.251
Educational attainment	.018	.846	.082
Home ownership rate	.027	.465	-.671
Violent crime rate	-.047	-.555	.406
Educational coverage	-.003	.461	.688
Gini Index	-.019	-.053	.800

Footnotes: Rotation-varimax

5.3.2.2 Explanatory variables. In local service contracting, independent variables are measured from the items of the ICMA Alternative Delivery Survey 2007. The scope of local service contracting is measured by the percentage of local services contracted to for-profit and nonprofit organizations among the total services provided by a local government. Contractor sector affiliation is measured by both the scope and percentage of local contracting with for-profit versus nonprofit vendors. Scope measures the amount of sector-based contracting among total local services. The scope of local contracting with for-profit versus nonprofit vendors is measured by the number of local services contracted out to for-profit versus nonprofit organizations among the total number of services provided by local government. The percentage of local contracting with for-profit versus nonprofit vendors represents the amount of sector-based contracting among total contracted local services. This percentage is calculated by the number of local services contracted out to for-profit versus nonprofit organizations, among the

number of local services provided by private alternative service delivery²¹ (e.g., private for-profit, private nonprofit, franchise, and concession).

Competition is measured by reversely coding an item that asks local managers whether local governments have a sufficient supply of competent service vendors because many vendors stimulate competitive biddings. If a local government has an insufficient supply of competent private deliverers (e.g. for-private firms, nonprofit organizations, and private industries) in contracting market, it is coded as '0' and if not, as '1'.

Contracting management capacities are measured by whether local governments have capacities to specify, monitor and measure contracting responsibility. Contract specification is measured by reversely coding an item about whether the lack of specification is a barrier to the adoption of contracting. Likewise, monitoring is measured by reversely coding an item asking local managers whether the lack of monitoring is a barrier to the adoption of contracting. If problems of contracting specification and barrier to contracting monitoring exist, it is coded as '0', and if not, as '1'. Performance measurement is measured by how many performance standards are used by local governments. Specifically, the standard of performance measurement is obtained by aggregating the values (1~3) of items that ask managers whether their local governments measure the costs, quality, and contracting compliance.

External support for contracting is measured by reversely coding three items that measure the opposition to local service contracting. The items include oppositions from elected officials and citizens in adopting the contracting of local public services and political support to bring back the service delivery from contracting to in-house production. When such opposition does not exist it was coded as '1' and otherwise, as '0'.

To control the effects of other factors on local government performance, this chapter study selects past government performance, form of government, population, ethnic diversity and metropolitan area. Literature on organizational performance suggests that past performance should be included because past performance is the most primary indicator that influences current performance (March and Robert 1997). This chapter also calculates the factor scores of community outcome indicators in 2000 to control the effects of past performance on current local government performance. Population and diversity are respectively measured by population per

²¹ Subsidiaries and volunteers are not included in private alternative service delivery because local governments do not directly involve themselves in arranging such service delivery.

thousand and Herfindahl–Hirschman Index. Central metropolitan areas and northeast regions are coded as “1” and other areas and regions are coded as “0”. Council-manager form of government is coded as “1” and other forms of government are as “0”. Table 5.2 and 5.3 below display the sources and descriptive analysis of the variables used in this chapter.

Table 5.2: Explanatory Variables (Contracting out)

Variables	Measurement	Sources
Independent Variables		
Scope of Contracting	Number of services contracted to for-profit and nonprofit providers/number of total services provided by a local government	ICMA 2007
Contractor’s Sector Affiliation		
Scope of for-profit	Number of local services contracted to for-profit / number of total services provided by a local government	ICMA 2007
Scope of nonprofit	Number of local services contracted to nonprofit provider/ number of total services provided by a local government	
% of for-profit	Number of local services contracted to for-profit / number of local services provided by local private alternative service delivery (e.g. for-profit, nonprofit, franchise and concession)	
% of nonprofit	Number of local services contracted to nonprofit provider / number of local services provided by local private alternative service delivery (e.g. for-profit, nonprofit, franchise and concession)	
Contracting Capacity		
Specification	Problems with contract specification (Reverse, Yes:0, No:1)	ICMA 2007
Monitoring	Lack of adequate contract monitoring system (Reverse, Yes:0, No:1)	
Performance Measurement	Total number of performance measurement standards and techniques e.g. Standard: citizen satisfaction, cost, contracting compliance	
Competition	Insufficient supply of competent private deliverers (private deliverers includes profit, nonprofit organizations) (Reverse, Yes:0, No:1)	
External Support		
	Opposition from elected official (Reverse, Yes:0, No:1)	ICMA, 2007
	Opposition from citizens (Reverse, Yes:0, No:1)	
	Strong political support to bring back the delivery (Reverse, Yes: 0, No:1)	
Control Variables		
Past Performance	Factor scores of 2000 community outcome indicators	Census data
Form of Government	Council manager (Yes:1, No:0)	ICMA 2007
Population	Population per thousand	Census Population
Diversity	Herfindahl–Hirschman Index $[1-\sum(\text{percentage of each ethnicity})^2]$	Census Population
Metropolitan Area	Central Area (Yes:1, No: 0)	ICMA 2007
Northeast Region	Northeast region (Yes: 1; No: 0)	ICMA 2007

Footnotes: ICMA 2007: ICMA Alternative Delivery Survey 2007

Census data: U.S. Census of Local Government Finance 2002, U.S. Census of Population 2000
U.S. Census of Government Employment and Payroll 2002

, Census Population: U.S. Census of Population 2000

Table 5.3: Descriptive Statistics of Variables (Contracting)

	N	Min	Max	Mean	SD
Efficiency	1093	-0.164	26.879	0.000	1.000
Effectiveness	1093	-3.846	3.944	0.000	1.000
Equity	1093	-2.660	5.680	0.000	1.000
2000 efficiency	1441	-0.173	34.09	0.001	1.000
2000 effectiveness	1441	-6.027	4.716	0.001	1.000
2000 equity	1441	0.571	2.257	0.909	0.145
Scope of contracting	1575	0.000	1.000	0.175	0.160
Scope of contracting with for-profit	1575	0.000	1.000	0.130	0.128
Scope of contracting with nonprofit	1575	0.000	0.450	0.036	0.055
% of contracting with for-profit	1262	0.000	1.000	0.746	0.274
% of contracting with nonprofit	1262	0.000	1.000	0.201	0.244
Competition	1597	0.000	1.000	0.883	0.322
Specificity	1597	0.000	1.000	0.956	0.205
Monitoring	1597	0.000	1.000	0.952	0.213
Performance measurement	1597	0.000	3.000	0.944	1.192
Political support	1597	0.000	3.000	2.707	0.636
Population	1597	2520	284629	6295	16354
Diversity	1433	0.000	0.735	0.292	0.176
Metropolitan	1597	0.000	1.000	0.172	0.377
Northeast	1597	0.000	1.000	0.165	0.372
Council Manager	1597	0.000	1.000	0.595	0.491

5.3.3 Analytical Procedures

A correlation analysis is conducted to report preliminary associations among the variables and to check for potential multicollinearity²² between independent variables for a

²² The correlation analysis found high correlations among several independent variables (scope of contracting out and scope of contracting with for-profit vendors: 0.94; percentage of contracting with for-

regression assumption test. The hypotheses are tested by several *Ordinary Least Square (OLS)* multivariate regression analyses and Heckman Selection techniques. Twelve models were analyzed. Six models are tested with OLS regression because the dependent variables are continuous variables. A robust OLS regression requires analytical data to satisfy its basic assumptions (Woodridge 2008). For the assumption test²³, residual normality, homoskedasticity, and multicollinearity are examined by k-density analyses, Breush-Pagan tests, and VIF tests respectively in a Stata 12.0 statistical package. F-tests across all regression models are also conducted to check the overall fits of the final regression models.

For other six models, the Heckman Selection technique is employed to test the impacts of the percentage of contracting with for-profit and nonprofit vendors among the total number of private alternative service deliveries. Since some local governments never use private alternative service delivery, the impacts of the percentage of contracting with for-profit versus nonprofit on performance should only be tested among samples of local governments that do use it. The first step of the Heckman Selection tests whether local governments use private alternative service delivery (Yes: 1, No: 0). The second step examines the impacts of the amount of contracting with different sectors on local performance. This study uses Wald tests to evaluate the model fit of the Heckman Selection models.

5.4 Results

A correlation analysis (Table 5.4) is performed in this study. The results report that there are statistical associations between several control variables and different dimensions of local government performance. Efficiency is negatively correlated with the percentage of contracting with nonprofit organizations. Effectiveness has statistical correlations with the scope of contracting, the scope and percentage of contracting with for-profit and performance measurement.

profit vendors and percentage of contracting with nonprofit vendors: 0.82). This study tested these variables separately in different models to avoid multicollinearity.

²³ Breush-Pagan tests reported that some models have the heteroskedasticity, and this chapter corrected the heteroskedasticity by using robust standard errors. Multicollinearity was corrected by separately testing the models. Other assumptions were satisfied among all of models.

Table 5.4: Correlation Matrix (Contracting)

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	
1. Efficiency	1.00																					
2. Effectiveness	.00	1.00																				
3. Equity	.00	.00	1.00																			
4. 2000 efficiency	.86**	.03	-.02	1.00																		
5. 2000 effectiveness	.02	.84**	-.03	.00	1.00																	
6. 2000 equity	-.01	.29**	.67**	-.00	-.02	1.00																
7.Scope of contracting	.07	.07*	.07*	-.03	.12**	.05	1.00															
8. Scope of for profit	-.03	.10*	.04	-.03	.15**	.04	.94**	1.00														
9. Scope of nonprofit	-.03	-.03	.10**	-.02	-.01	.05	.61**	.20**	1.00													
10.Percent of for profit	.06	.07*	-.03	.03	.05	.02	-.02	.32**	-.51**	1.00												
11.Percent of nonprofit	-.10**	-.05	.04	.01	-.08*	-.01	.03	-.24**	.63**	-.82**	1.00											
12. Competition	.03	.01	-.01	.03	.02	-.03	-.12**	-.18**	-.08*	-.02	-.03	1.00										
13. Specificity	.01	-.03	-.05	.01	-.01	-.06*	-.09**	-.10*	-.04	.03	.02	.16**	1.00									
14. Monitoring	.01	.06	-.05	.02	.03	.08	-.07**	-.07*	-.03	.02	.01	.20**	.36**	1.00								
15. Perform Measures	-.03	.11**	.02	-.02	.12**	.06	.17**	.20**	.10**	-.03	-.05	-.18**	-.12**	-.10**	1.00							
16. Political support	.03	.01	-.05	.03	.02	-.04	-.04	-.05	.01	-.01	.01	.24**	.13**	.15**	-.17**	1.00						
17. Population	-.01	.04	.10*	-.03	.01	.03	.08**	.04	.13**	-.07**	.08*	-.05	-.04	-.02	.13**	-.05**	1.00					
18. Diversity	-.07*	-.37**	.30**	-.07*	-.24**	.07**	.12**	.09*	.06*	-.03	-.04	-.07*	-.03	-.06*	.10**	-.03	.18**	1.00				
19. Metropolitan	-.02	-.10**	.29**	-.03	-.09**	.09**	.06	-.01	.16**	.12**	-.13**	-.08**	-.07**	-.04	.08*	-.08**	.46**	.23**	1.00			
20. Northeast	.15**	.08**	.13**	.15*	.01	.11**	.007**	.08*	.06*	-.01	.00	-.04	.00	.050*	-.10**	.02	-.008*	-.08**	-.12**	1.00		
21. Council-manger	-.07*	.01	.20**	-.06*	.10**	.13**	.16**	.15**	.09*	-.06*	.01	-.12**	-.05	-.07*	.22**	-.10**	.04	.25**	.05	-.14**	1.0	

*p<0.05, **p<0.01

Equity is statistically correlated with the scope of contracting with nonprofit contractors.

Table 5.5: OLS Regression Results

	Efficiency		Effectiveness		Equity	
	Model 1a	Model 2a	Model 3a	Model 4a	Model 5a	Model 6a
	β	β	β	β	β	β
2000 Performance	0.991**	0.991**	0.795**	0.795**	0.629**	0.630**
Scope of Contracting	-0.005		0.005		-0.021	
Scope of contracting with for profit		-0.009#		0.003		-0.047*
Scope of contracting with nonprofit		0.004		0.002		0.036
Competition	-0.004	0.074	0.002	0.002	0.044*	0.044*
Specificity	0.0001	0.032	-0.042	-0.042	0.008	0.006
Monitoring	-0.003	0.025	0.033	0.033#	-0.038	-0.030
Performance Measurement	-0.005	-0.015	0.013	0.013	-0.015	-0.012
Political Support	-0.0001	0.083**	0.004	0.003	-0.025	-0.026
Population (Per thousand)	0.004	0.032	0.035**	0.035**	-0.046*	-0.048**
Diversity (HHI index)	0.007	0.026	-0.166**	-0.169**	0.223**	0.225**
Metropolitan (Central)	0.009*	0.009#	-0.024	-0.025	0.211**	0.205**
Northeast	-0.003	0.105*	0.032	0.032	0.091**	0.088**
Council-manager	0.013**	0.14**	-0.016	-0.016	0.073**	0.074**
N	1076	1076	1076	1076	1076	1076
F-values	121.9**	113.6**	149.9**	138.8**	84.2**	77.16**
R-squares	0.980	0.981	0.743	0.753	0.552	0.553

p<0.1, *p<0.05, **p<0.01, Footnote: β (Beta)=Standardized Coefficient

First of all, the OLS Regression results (above Table 5.5) report that the F-values of all six models are statistically significant (P<0.01) and the overall fits of all models are relevant. The models use standardized coefficients (Beta, here β) to compare how much individual explanatory variables affect each performance dimension. With regard to the impacts of local contracting on efficiency and effectiveness, none of the independent variables is not statistically

significantly associated with either efficiency or effectiveness (threshold: p-value <0.05). When impacts of local contracting on equity are tested, some variables are statistically significant. The scope of contracting with for profit contractors has a negative impact on equity in model 6a ($\beta = -0.047$, $p < 0.05$) and competition statistically increases equity ($\beta = 0.044$, $p < 0.05$) in model 5a and 6a.

Next, the study executed the Heckman Selection Regression across three dimensions of local government performance. The results (Table 5.6) report that the Wald chi-square tests were statistically significant ($P < 0.01$), showing the relevant fit of the models. Unstandardized coefficients were reported because the Heckman Selection technique employs the maximum likelihood in selecting the samples. In the outcome equations, the only percentage of contracting with nonprofit organizations has a negative effect on efficiency ($\beta = -0.015$, $p < 0.05$). None of independent variables were statistically significantly associated with either efficiency or equity (threshold: p-value <0.05).

In the selection equation, several control variables affected the adoption of local alternative service delivery. Efficiency in 2000 negatively affects the presence of private alternative service delivery, while equity in 2000 has a positive impact on the adoption of private alternative service delivery. Diversity and central metropolitan areas are positively related to the use of local private alternative service delivery. As the council-manager form of government adopts more e-government initiatives and citizen participation programs in chapter 3 and 4, it positively influences the presence of private alternative service delivery.

In the interpretation between control variables and local government performance, most of all, the past government performance in 2000 is an indicator that strongly influences the current performance. Among all of models, the levels of local government performance in 2000 positively affect current efficiency, effectiveness and equity. Population produced the different results between the OLS and Heckman Selection models. In the OLS models, it is positively associated with effectiveness, but shows a negative relation with equity. However, the Heckman Selection Model reported that population is associated only with efficiency. Diversity is negatively related to effectiveness, while it has a positive association with equity. Central metropolitan area is positively associated with equity. Northeast regions also have positive

associations with efficiency and equity. Lastly, the council manager form of government is positively associated with equity, but it is related to efficiency in the Heckman Selection models.

Table 5.6: Heckman Selection Results

	Efficiency		Effectiveness		Equity	
	Model 1b	Model 2b	Model 3b	Model 4b	Model 5b	Model 6b
	B (SE)	B (SE)	B (SE)	B (SE)	B (SE)	B (SE)
Outcome Equation = Local Government Performance						
2000 Performance	0.498(0.017)**	0.496(0.017)**	0.853(0.019)**	0.854(0.020)**	0.404(0.001)**	0.404(0.002)**
% of contracting with for profit	0.008(0.005)#		0.012(0.056)		-0.047(0.080)	
% of contracting with non profit		-0.015(0.057)**		0.043(0.064)		0.081(0.090)
Competition	0.007(0.004)#	0.007(0.004)#	0.003(0.048)	0.004(0.048)	0.089(0.069)	0.091(0.069)
Specificity	0.005(0.006)	0.005(0.006)	-0.046(0.075)	-0.049(0.075)	0.043(0.106)	0.042(0.106)
Monitoring	0.003(0.006)	0.002(0.006)	0.030(0.077)	0.030(0.077)	-0.121(0.107)	-0.120(0.107)
Performance Measurement	-0.001(0.001)	-0.001(0.001)	0.008(0.013)	0.009(0.014)	-0.012(0.019)	-0.011(0.019)
Political Support	0.003(0.002)	0.003(0.002)	0.015(0.024)	0.014(0.024)	-0.023(0.034)	-0.024(0.034)
Population (Per thousand)	0.0001(0.000)*	0.0001(0.000)*	0.002(0.001)#	0.002(0.001)#	-0.001(0.001)	-0.002(0.002)
Diversity (HHI index)	0.012(0.008)	0.010(0.008)	-0.860(0.114)**	-0.854(0.114)**	1.379(0.154)**	1.387(0.154)**
Metropolitan (Central)	0.005(0.003)	0.005(0.003)	0.027(0.049)	0.023(0.049)	0.596(0.070)**	0.592(0.070)**
Northeast	0.023(0.005)**	0.024(0.005)**	0.030(0.064)	0.028(0.064)	0.325(0.091)**	0.323(0.091)**
Council-manager	-0.002(0.003)	-0.002(0.003)	0.068(0.040)#	0.068(0.040)#	0.276(0.058)**	0.277(0.058)**
Selection Equation = Presence of Private Service Delivery or Not						
2000 Performance	-1.275(0.404)**	-1.276(0.404)**	-0.024(0.046)	-0.024(0.046)	0.079(0.002)**	0.080(0.002)**
Population (Per thousand)	0.003(0.004)	0.003(0.004)	-0.001(0.002)	-0.001(0.002)	0.001(0.004)	0.001(0.004)
Diversity (HHI index)	0.371(0.245)	0.371(0.245)	0.586(0.248)*	0.583(0.248)*	0.523(0.240)*	0.521(0.240)*
Metropolitan (Central)	0.301(0.131)*	0.301(0.131)*	0.259(0.123)*	0.259(0.122)*	0.232(0.128)#	0.232(0.129)#
Northeast	-0.050(0.136)	-0.050(0.136)	-0.033(0.132)	-0.031(0.132)	-0.127(0.133)	-0.128(0.133)
Council-manager	0.462(0.086)**	0.462(0.086)**	0.502(0.084)**	0.503(0.083)**	0.464(0.084)**	0.463(0.084)**
Rho	-0.004(0.166)	-0.004(0.166)	0.809(0.040)**	0.809(0.040)**	0.798(0.052)**	0.796(0.053)**
Sigma	0.041(0.001)**	0.041(0.001)**	0.558(0.019)**	0.558(0.019)**	0.786(0.030)**	0.785(0.031)**
Lambda	-0.000(0.006)	-0.000(0.007)	0.743(0.035)	0.743(0.035)	0.627(0.062)	0.625(0.063)
Wald model fit	868.96(df=12)**	868.96(df=12)**	2500.7(df=12)**	2502.3(df=12)**	959.86(df=12)**	959.86(df=12)**
Censored	291	291	291	291	291	291
Uncensored	867	867	867	867	867	867

p<0.1, *p<0.05, **p<0.01, Footnote: B= Unstandardized Coefficient

5.5 Discussion and Implication

Over the past two decades, many local public services have been contracted out. However, public managers still cast doubt upon the outcomes achieved by contracting. They want to know how much public contracting out enhances various dimensions of government performance, but robust evidence is still limited because of mixed findings on contracting outcomes in extant literature (Fernandez 2007). However, this chapter found that some elements of local contracting are associated with the efficiency and equity of local government performance. Effectiveness was not increased by local contracting. These findings are notable because local public contracting achieves multiple outcomes.

Specifically, the findings report that the scope of contracting is related to none of the dimensions of local government performance. Though prior empirical studies have found that contracting out reduces the costs of public service delivery (Fernandez, Smith and Wenger 2006; Knox, Blankmeyer and Stutzman, 2006; Rosenau and Linder, 2003; Savas 2000), our finding shows that a large amount of contracting does not necessarily improve efficiency. Given that prior studies relied on subjective performance measures in individual service areas, contracting managers perception in reduced costs may differ from actual cost-effectiveness achieved by the use of contracting. The findings on the impact of contracting on effectiveness are also consistent with the prior empirical evidence that the amount of contacting expenditure does not affect the output measures such as student test scores (O'Toole and Meier 2004). Despite the growing popularity of contracting, local governments fail to achieve increased actual outcomes. An interesting finding is that the score of contracting is not associated with equity. The use of contracting has nothing to do with the fairness and coverage of public service delivery because, rather, contractors may seek cost-savings by reducing the scope and fairness of public services.

The findings reveal that the scope of contracting with for-profits is associated with reduced equity, and the percentage of contracting with nonprofits is negatively associated with efficiency. Unlike the mixed evidence of prior studies (Whitesman and Fernandez 2012; Heinrich 2003), this study clarifies the associations between contractor's ownerships and the different values of government performance. For-profit contractors may seek profit-maximizing by reducing the scope of public services, which may have negative effects on disadvantaged groups' access to public services.

By contrast, nonprofit contracting decreases efficiency, but this negative association does not necessarily mean that nonprofit contractors are inefficient. Nonprofit organizations are not incentivized by profit-maximization. This may lead to decreased efficiency because they need to use more resources in order to pursue public values such as equity. Empirical evidence also indicates that local contracting with nonprofit organizations entails increased expenses (Kelleher and Yackee 2008). Moreover, local governments use more contracting with nonprofit organizations when they have a large low-income population. Contracting with for-profit companies tends to be done in capital intensive services like waste collection. Contracting with nonprofits tends to be done in labor intense services like social services. Contracting with nonprofit organizations may naturally be associated with reduced efficiency because of poor outcomes in local communities themselves.

The findings show that competition is not positively associated with efficiency but has a positive impact on equity. Even though competition has a partially significant association with efficiency ($p < 0.1$, threshold: $P < 0.05$), it does not produce outcome efficiency. This finding is inconsistent with the findings of prior studies (Savas 2000, 2002; Van Slyke 2003). One possible reason is that the present study uses outcome efficiency, and competition may increase the output efficiency of public service delivery. This result imply that increased internal efficiency may not necessarily achieve outcome efficiency because increased internal efficiency fails to increase outcomes, as competition is not associated with effectiveness in our study. On the other hand, competition is also positively associated with equity. This result is counterintuitive. Although increased equity is the goal of social or human services, local governments do not produce intended outcomes in the contracting of such services when they fail to create a competitive market with multiple vendors. Some nonprofit contractors may seek to act as monopolists by providing several social and welfare services (Brown, Potoski and Van Slyke 2006). Ironically, local governments may achieve intended goals, such as increased equity, when they have or encourage a competitive market with sufficient service providers in social or human service delivery contracting.

The findings report that contracting management capacities are not associated with any of local performance dimensions. Contracting specification, monitoring and performance measurement have no statistical impacts on efficiency, effectiveness and equity. Prior empirical studies find that contracting management capacities enhance the public sector performance by

enabling government to effectively manage public contracting (Fernandez 2009; Yang, Hsieh and Li 2009). However, the finding shows that local governments' contracting management capacities do not accomplish the intended goal that increases substantive government performance. A possible interpretation may be perceptual indicators used by prior studies and this study. Literature argues that there is little relationship between the subjective and objective measures (Kelly and Swindell 2002). Contracting managers may perceive that enhancing contracting management capacities produce increased contracting performance, but such capacities may not necessarily lead to greater actual outcomes despite their expectation. In our study, contracting management capacities were also measured by subjective indicators from a survey. The use of objective measures in specificity, monitoring and performance measurement may produce different results.

Political support for local contracting is not associated with all performance dimensions. Empirical evidence indicates that internal employee political support improves overall contracting performance by stabilizing the contracting relations, based upon the trust between government and contractors (Fernandez 2007). Elected officials or citizens support the use of contracting because they believe that local bureaucracy is inefficient and local government can save the costs through contracting. However, external stakeholders may not pay attention to providing sufficient resources which are needed to increase the outcomes of contracting despite their support. This finding provides an implication for public management research because the impacts of general political support on government outcomes may differ from those of external support for particular management areas (e.g. contracting, red tape, goal ambiguity and citizen participation, etc).

With respect to other control variables, population in several models is positively associated with effectiveness and efficiency while it has a negative relation with equity. It is ambiguous because population is associated with only efficiency in chapter 3 and 4. Further investigation is needed. Ethnic diversity negatively affects effectiveness but is positively associated with equity. Similarly, central metropolitan area showed a positive association with equity. Minority groups in racially heterogeneous and central metropolitan areas are suffering from social or economic hardship and segregation, which may negatively influence community outcomes. However, local governments attend to disadvantaged groups' poverty and limited educational opportunities in these areas and have sought to expand the coverage and fairness of

public services to overcome the challenges over the past decades. Such efforts may produce enhanced equitable outcomes. The positive relationship between northeast regions and equity seems to be natural, given the fact that residents in these regions traditionally support the Democratic Party which considers minority groups' interests. The council manager form of government is positively related to either efficiency or equity. As the findings show in the section model that the council manager form of government tends to adopt more private service delivery, such efforts may lead to increased outcome efficiency. In line with chapter 3 and 4, professional managers can also focus on equity outcomes for minority groups because they are less constrained by political influences.

5.6 Limitations and Future Study

Despite these meaningful findings in our study, a few limitations exist. The first limitation comes from the measurement of local government performance employed by this study. Again, the measure of efficiency is an outcome-efficiency measure, not an output-efficiency measure. The outcome measures used are influenced by many things that are beyond the control of a single local government. Therefore, our findings on efficiency should be interpreted accordingly. For example, the scope of contracting and the scope of contracting to for-profit businesses are not found to be associated with outcome efficiency, but this does not exclude the possibility that they may increase output efficiency. Indeed, output efficiency is more emphasized in the theories that support contracting out. Similarly, the equity measure employed in this dissertation captures only economic equality (Gini index) and educational coverage. It may not reflect other equity or equality concerns such as environmental justice, health care access or fairness in law enforcement--whether those equity aspects are affected by the scope of for-profit contracting, for example, cannot be known from the results here. Future studies need to examine the impacts of contracting on local government performance measured at different analytic levels and with different efficiency and equity measures.

The ICMA survey did not provide all elements that lead to successful contracting. For example, although contracting duration or trust is emphasized to enhance outcomes in the relational contracting, such elements are not directly identified by the ICMA survey. Future studies need to examine how other factors in effective contracting management influence

government performance. Next, our studies tested the impact of contracting on only local government performance. State or federal contracting may have different contexts. Subsequent studies are needed to explore the factors that improve government performance at the state or federal level.

These future studies are expected to scientifically find more substantive outcomes of government contracting. Particularly, practitioners may be interested in the outcomes of contracting and may observe some implications in the results of the study. Public contracting has been used for many generations because it has been regarded as a good instrument that improves the efficiency and effectiveness of public services. However, our results indicate that only competition increases either efficiency or equity, and contracting with for-profit decreases equity. Other contracting elements are not associated with efficiency, effectiveness and equity. Practitioners who wish to reduce costs or to increase equity through contracting need to facilitate competition among various vendors. However, they should also consider that contracting with for-profit organizations lead to reduced equity.

This chapter makes a theoretical contribution by providing a competing value perspective in practicing or studying contracting. Public managers are constrained by contentious external stakeholders and are wise to identify different stakeholders' preferences and values. Our results suggest that when they are constrained by the stakeholders wishing to eradicate the inefficiency of public bureaucracy, the competitive contracting approach is a viable response to such external pressures. However, when public managers feel less pressured about cost-savings in public services, they need to harness various forms of public service delivery to enhance other values of government performance. In this sense, this study is an initial step in understanding the complexities surrounding government contract management and its performance. This study is expected to help local governments design better contracting approaches in terms of competing values.

CHAPTER SIX

CONCLUSION

As Chapters 3-5 have discussed each of the sub-studies' contributions, limitations, and future research questions, this overall conclusion chapter will not focus on those details again. Instead, it will address the overall findings regarding administrative reforms and their orientations, as well as the overall limitations regarding the data and design.

To date, a variety of government reforms have been implemented to improve government performance and accountability. These reforms are primarily composed of two competing orientations: the managerialist/market-based orientation and the democratic/participatory orientation. While the former has been implemented to improve public productivity by using private sector management principles, the latter is implemented to increase participation and access of all societal groups. The two reform orientations embody competing values. The former seeks radical changes of the public sector in using private sector management to improve public service performance. It often assumes that public bureaucracy is inefficient in producing public services and, therefore, the most important issue is to maximize economy or efficiency measures by eradicating redundancy, reducing waste, increasing competition, using advanced technology, and stressing accountability. In contrast, democratic/participatory reforms are designed to promote a wide range of public values such as equity and participation.

This dissertation focuses on three general local government reforms: Contracting out, e-government and public participation. Public participation, clearly, reflects the second reform orientation. Local governments attempt to foster democratic values by establishing a wide range of public participation mechanisms in administrative or policy processes. Local governments believe that the dialogue and collaboration between governments and their citizens can contribute to the legitimization of democracy by improving citizens' inputs in the policy deliberations. E-government, in comparison, relates to both reform orientations. The e-management initiatives are more reflective of the managerialist orientation while the e-democracy initiatives are more reflective of the democratic orientation. Contracting out is generally associated with the managerialist/market orientation, but, as discussed in chapter 5,

contracting to for-profit businesses and contracting to nonprofit organizations may reflect different value orientations.

So, overall, what can we learn from the results? The results seem to suggest that administrative reforms with different orientations produce different outcomes. Equity, for example is positively affected by e-democracy and citizen participation mechanisms, is negatively affected by the scope of contracting to for-profit businesses, and is not affected by e-management or the scope of contracting to non-profit organizations. That is, only the participation-oriented reforms are positively associated with better equity-related outcomes. Effectiveness is positively affected by e-management, e-democracy, and citizen participation mechanisms, but not contracting out. Outcome efficiency, notably, is not positively affected by any of the reforms except that the amount of non-profit contracting reduces outcome efficiency. Taken together, the democratic/participatory reform orientation seems to be a better strategy than the managerialist approach, given the performance measures used in this dissertation.

The overall finding that participatory reforms can increase local government effectiveness and equity without reducing outcome efficiency is a significant one. For a long time, many public administration scholars have argued that citizen participation and democratic governance should be emphasized, such as the New Public Administration (Marini 1971; Frederickson 1971), the New Public Service (Denhardt and Denhardt 2000), and the Refounding Government initiative (Wamsley and Wolf 1996). For those scholars, citizen participation is viewed as an effective way to increase effectiveness and equality. So far, however, very few studies have offered systematic large-N evidence that supports their beliefs. This study addresses this gap. Moreover, those scholars tend to assume that participation may reduce efficiency, but they argue that effectiveness and equity are simply more important values. The results of this dissertation show that participatory reforms do not reduce outcome efficiency.

As many scholars have questioned the value of the New Public Management (NPM), our results demonstrate that we need be more careful in assessing whether the rationales of NPM are fully applicable to public sector reforms. NPM theorists argue that public organizations are inefficient and wasteful and that governments should increase efficiency by developing new technologies and contracting out public services. These may be true in terms of output efficiency--we do not know for sure as they are not tested in this study, but the results here show that those are not true in terms of outcome efficiency. E-management and contracting out do not

increase outcome efficiency based on the data used here. Moreover, NPM tends to assume that greater efficiency leads to more deliverables and thus greater effectiveness. The results here show that this is not entirely true: while e-management is associated with increased effectiveness, contracting out is not. Finally, an important criticism against NPM is that it pays no attention to social equity and equality concerns. Our results show that more contracting out to for-profit businesses may reduce equity. With all these evidences, it is necessary to ask: are NPM-type of reforms really helpful? These results suggest that innovation in managerial processes and service delivery may not be associated with societal benefits. Most importantly, since the strongest argument for NPM is the efficiency argument, our results question this argument--at least for outcome efficiency.

This study also identifies the positive impacts of administrative participation channels and e-government on effectiveness. The present findings provide new evidence that substantiates the rationales of collaboration and discourse theories. This evidence indicates that internal collaboration initiated by e-technologies leads to increased societal benefits that extend beyond the boundaries of local bureaucracy. Policy deliberation in online and offline participation channels directly enhances societal outcomes by allowing citizens to express their needs and preferences associated with their substantive wellbeing. Public managers can thereby acquire meaningful information to justify the establishment of various participation infrastructures despite the considerable costs.

The findings indicate that e-democracy and administrative participation contribute to enhanced equity. These findings are important because previous studies have yielded no quantitative empirical evidence on this. Frederickson (2010) argues that public administration research should establish the social equity perspective that reaches the scope of fairness, justice and equality in the theories and practices of public administration and policies beyond the reinventing government perspective considering only economic values. The findings help build upon the social equity perspective by providing empirical grounds on the equitable outcomes of public reforms.

In addition to the impacts of the three major reforms, the present findings also reveal the impacts of several control variables that have been widely studied in the past in public administration and urban studies. These findings shed new light on how such variables influence the efficiency, effectiveness, and equity of local governments. First, our findings contribute to

our understanding of the effects of local government structures. It seems that the structures indirectly improve local performance through the adoption of e-government and citizen participation and private alternative service delivery. The council manager forms of government and non-partisan elections contribute to effective, equitable governments by leading local governments to establish more e-government and citizen participation programs. The council manager form of government also has a direct impact on equity--it is positively associated with equity. This last finding seems to be inconsistent with previous findings (Ruhil, Anirudh, and Schneider 1999). But it supports the recent argument made by ICMA that the council manager form produces equitable outcomes by delivering public services fairly.

Demographic and regional variables show consistent relationships among different dimensions of local government performance across the analyses of three chapters. Population is positively associated with efficiency and the adoption of e-government and participation channels. Large cities are motivated to design various policy instruments in order to operate large bureaucracies efficiently, and these efforts lead to more efficient government. Diversity is negatively associated with effectiveness but positively associated with equity, suggesting that public managers in cities with diverse populations face more challenges in improving the overall effectiveness and outcomes, but make greater efforts to help the less privileged groups. Central metropolitan areas and the northeast regions of the U.S. are positively associated with equity. Metropolitan governments have tried to overcome economic and social segregation between central and suburban areas, and the northeast region is in the Democratic belt where residents tend more to support social equity.

Despite the contributions of this study, care should be taken in interpreting the results due to the limitations of the performance measures used. This study measured outcome efficiency, not output efficiency. Therefore, the findings on efficiency should be interpreted accordingly. The findings show that e-management, e-democracy, participation mechanisms, and the scope of contracting are not associated with outcome efficiency, but this does not exclude the possibility that they may increase or decrease output efficiency. It is possible that e-management and contracting may increase output efficiency while e-democracy and participation mechanisms may reduce output efficiency. This definitely warrants further investigation in the future. Similarly, the equity measure employed in this dissertation captures only economic equality (Gini index) and educational coverage, and does not reflect other equity or equality concerns

such as environmental justice, health care access or fairness in law enforcement. It is not clear whether the present results will hold for those other equity aspects. Future studies need to examine the impacts of administrative reforms on local government performance measured at different analytic levels and with different efficiency and equity measures.

Another limitation is that although time is considered in the research design, this is not a panel or longitudinal study, raising concerns about causality or endogeneity. This is partially addressed by measuring the dependent and independent/control variables in different times and by including a lagged dependent variable in the model. I am also confident about the results, as they are consistent with theory and prior studies. Still, future studies may verify our findings with longitudinal data. In particular, the time lag used in this study is about seven years. This is a choice largely due to data availability concerns. Thus, we cannot rule out the possibility that the managerialist reforms' impact on efficiency may be short-term or temporary, or that the impacts may take more than seven years to appear. In either case, the effects won't be revealed in our data. This concern applies to effectiveness and equity as well. In other words, the external validity in terms of time is not guaranteed.

Given that public managers should seek to attain multiple values, the approach of this study can be broadly applicable to other settings. For instance, future studies can examine what different outcomes public service motivation, goal ambiguity and collaboration yield in terms of competing values. Such future studies could contribute to untangling the complexity of the public bureaucracy which is constrained by multiple values. In this sense, this study is an initial step in understanding the conflicting and complex values surrounding public management practices and their outcomes.

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Young, Richard D. 2005. An Overview: Oregon Shines II and Oregon Benchmarks. Unpublished manuscript, South Carolina, Institute for Public Service and Policy Research, University of South Carolina (2005).

BIOGRAPHICAL SKETCH

Curriculum Vitae

Education

- 2009-present Doctoral Program, Florida State University-Tallahassee Campus.
Specialization: Local/Urban Management and Policy, Performance Management and Measurement, Public Management, Economic Development and Institutional Theory
- 2004-2009 Master of Arts, Seoul National University, Seoul, South Korea.
Major: Public Management, Thesis: The Effects of the Public Sector Reform on Employees' Job Attitude and Union Commitment (Advisor: Younghan Chun)
- 2005-2006 Master of Business (Online Program), EBS MBA, Seoul, South Korea
Major: Human Resource & Organization Theory, Business Management
- 1993-2001 Bachelor of Art, Yonsei University, Seoul, South Korea.
Major: Public Administration.

Publication/Manuscript

Publication:

Youngmin Oh and Jongsun Park (2011) New Link between Administrative Reforms and Job Attitude: The Role of Interpersonal Trust in Peers as a Mediator on Organizational Commitment, *International Review of Public Administration (peer-review journal)*, 16(3): 65-87.

Youngmin Oh, Inwon Lee and Carrie Blanchard. 'Dynamic Social Capital: The Roles of Multiple Social Capitals on Economic Development Partnerships Within and Across Communities' has been ***accepted*** to *Economic Development Quarterly (peer-review journal: SSCI)*.

Book: Youngmin Oh (2008) *Those Who Prepare for the Future Get a Chance*, Elite Korea Press, In Korea.

Conference

Youngmin Oh, with Kaifeng Yang (2013, June) 'Participatory Institutions and Local Government Performance: Untangling the Dimensions and Conducting an Empirical Test'. presented to the 11th Public Management Research Association Conference (**PMRA**), Madison, Wisconsin.

Youngmin Oh, with Kaifeng Yang (2013, March) 'Competing Values: The Links Between the Development of E-governemnt and Municipal Performance'. Presented to the annual conference of the American Society for Public Administration (**ASPA**), New Orleans, Louisiana

Youngmin Oh with Carrie Blanchard (2013, March) 'Exploring Collaboration: The Role of Dynamic Social Capital on Local Governance'. Presented to the annual conference of the American Society for Public Administration (ASPA), New Orleans, Louisiana

Youngmin Oh, with Kaifeng Yang (2011, March) 'What Factors determine Red Tape in the Local Government?: A New Perspective from Institutional Approach'. Presented at the annual conference of the American Society for Public Administration (ASPA), Baltimore, Maryland

Youngmin Oh (2010, March). 'Missing Link between Reform and Commitment: The Role of Interpersonal Trust in Peers as a Mediator in Public Sector Reform'. Presented at the annual conference of the Florida Political Association, Jacksonville, Florida

Teaching

Summer Course in 2013:

PAD 3300-Administration and Society, Florida State University, Tallahassee
(issues of general public administration)

Course taught:

PAD 4414-American Public Service, Florida State University, Tallahassee (2012):
(issues of organizational and personnel management in government, course evaluation:
1.2/1.0)

Workplace Environment (advanced undergraduate course), Yonsei University, Seoul, South Korea (2005-2008) Issues of workplace etiquette, motivation, and negotiation

Teaching Assistant

PAD 6136-Public Management (doctoral course), Florida State University, Tallahassee (2013-present)
PAD 6707-Logics of Inquiry (doctoral research design), Florida State University, Tallahassee (2012)
PAD 5106-Public Organization (MPA course), Florida State University, Tallahassee (2012)

Honor and Award

Graduate Assistantship, Florida State University, Tallahassee Campus (2012-present)

Asian Junior Scholar Paper Competition Award, Global Public Administration Network Group, Baltimore (2011)

Natalia Trogen Poster Competition Award, Florida State University, Tallahassee Campus (2011)

Dean Scholarship in the College of Social Sciences, Florida State University, Tallahassee Campus (2009)

Best Career Consultant Award, Korean University Career Service Center Association, Korea (2008)

Leader Development Scholarship, Korean Leadership Scholarship Institution, Seoul (1998-2001)

Academic Excellence Scholarship, Yonsei University, Seoul (1998-2000)

Grant

Youngmin Oh, with Carrie Blanchard. Florida Workforce and Economic Development Initiative (2012)
Funded by the Workforce Florida. Total Award: \$ 275,000

Projects 1: Establishing a Performance Measurement System in Florida Workforce Indicators

Projects 2: Statistical Analysis of the Florida Workforce System and Economic Development Performance

Youngmin Oh, with Kaifeng Yang. Customer Survey Research Analysis Problem Statement (2012)
Funded by the Florida Department of Transportation. Total Award: \$ 30,000 (not accepted)

Youngmin Oh. Effects of the Management Reforms in University Organizations on Employees' Job Attitude and Performance. Funded by Yonsei University (2008) Total awards: 10,000,000 Won (about \$10,000)

Youngmin Oh with Jongsung Moon. Examining the Effects of University Job Training Programs on Student Employment. Funded by Korean Department of Labor (2007-2009)
Total award: 650,000,000 Won (about \$ 650,000).

Professional Experience

2011-2012 Statistical Research Analyst – The Florida Chamber Foundation, Tallahassee, Florida.

- Conducted the Research Grant Projects from the Florida Workforce
- Developed the Florida Scorecard Index
- Engaged in the Local Industry Cluster Project/Business Retention Survey
- Managed the Florida Performance Measurement System
(Florida Scorecards: <http://www.thefloridascorecard.com/>)

2007-2009 Associate Staff (career advisor) – Leadership Development Center, Yonsei University, Seoul, South Korea.

- Engaged in Student Career Counseling
- Conducted research project: ‘The Role of Human Capital Development on Job Employment’
- Established the Human Resource Knowledge Forum

2004-2007 Assistant Staff (career advisor) – Career Service Center, Yonsei University, Seoul, South Korea.

- Engaged in Student Career Counseling
- Developed Student Employment Database Management System
- Established the Yonsei Career Competency Academy

2002-2004 Assistant Staff – College of Liberal Arts, Yonsei University, Seoul, South Korea.

- Developed the Professor Personnel Evaluation System

2001-2002 Assistant Staff – Department of Human Resource Management, Inc, Hanwha, Seoul, South Korea.

- Developed the Enterprise Resource Planning System

Membership

American Society for Public Administration (ASPA)

International City/County Managers Association (ICMA)

ASPA Section on Korean Public Administration (SKPA)

Service

Journal Reviewer: Journal of Public Administration Research and Theory

Community Service: English Translator, Korean Presbyterian Church, Tallahassee, Florida

Skills and Knowledge

Proficient in English communication and writing (50 points in the FSU Speak Test)

Proficient in statistical techniques (SEM, HLM, Time-Series Regression)

Proficient in performance measurement systems