

Abstract

What are the factors that lead to desirable organizational characteristics? This article examines this question by proposing a model to explain the ability of some organizations to create a focus on results and high levels of managerial authority. The new public management literature points to these two organizational characteristics as key steps for improving public performance and providing results-based accountability. Employing a national survey of US state government health and human service agency managers we find that political support for the organization and purposeful reform efforts do lead to desirable organizational characteristics. In addition, strong internal communication fosters a focus on results, and organizational culture shapes the decision-making authority of managers.

Key words

Results, autonomy, communication, new public management, organizational culture

CREATING DESIRABLE ORGANIZATIONAL CHARACTERISTICS

How organizations create a focus on results and managerial authority

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INTRODUCTION

The central tenet of new public management (NPM) doctrine for the core public sector is that public organizations need to adopt an increased focus on results while giving managers greater authority. These desirable organizational characteristics are promised to lead to improved performance and enhanced accountability. But how are organizations to achieve these characteristics in the first place? One route is to adopt reforms directly focused at creating such conditions. But will these reforms be able to overcome the political conditions of the organization, or the organization's entrenched organizational norms? The article examines this question, using data from a nationwide study of state government managers in health and human service agencies in the United States.

THE REFORM PRESCRIPTION OF THE NEW PUBLIC MANAGEMENT: FOCUS ON RESULTS AND MANAGERIAL AUTHORITY

The NPM has been characterized as an administrative doctrine, a theoretical explanation of cause and effect, presented as factual, logical and widely applicable, and designed to prompt policy action (Hood and Jackson 1991). Similar administrative arguments reoccur across decades (Downs and Larkey 1986) and, indeed, across centuries (Hood 1998). The NPM doctrine drew primarily on economic theories of organizations, as well as 'managerialism' (Aucoin 1990; Boston 1991). The tension between these two underlying streams of thoughts has been observed elsewhere (Aucoin 1990). Economic theories of organizations argue for increased political control over bureaucracy, while managerialism argues that lack of administrative authority hampers public managers, the result of political interference and the cause of reduced public performance.

How were these seemingly contradictory arguments married in practice to form the NPM? Practitioners in NPM benchmark countries conceptualized a series of connected reforms that would, at least partly, smooth out the conflict (Campbell and Halligan 1992; Savoie 1994; Schick 1996; Barzelay 2001). These countries instituted reforms designed to allow elected officials to reassert control over the policy-making domain, and public managers to control administrative matters without political interference, subject to meeting policy goals. NPM advocates argued that the classic bureaucracy employed management systems focused on error avoidance and compliance, and not performance (Stewart 1984; Thompson 1994). Without clear goals and performance standards employees had little sense of direction or purpose.

By contrast, NPM doctrine points to two interconnected routes to improved performance of the core public sector: a focus on results, and increased managerial flexibility. Central control over resource allocation and major policy goals through performance information provides elected officials with control over important issues. The use of strategic planning and performance measurement would allow elected officials to hold administrators accountable for achievement of key goals. A focus on

results meant specifying what performance meant, prompting elected officials to reduce goal ambiguity for public managers, and creating what two NPM practitioners described as a clarity of task and purpose (Holmes and Shand 1995). Elected officials, in turn, could use performance information to reduce information asymmetry on policy goals, implementation and on the quality of service the public was getting for its taxes. Managers would feel a top–down pressure to perform, with transparent performance information operating as the equivalent to the private sector bottom line. The profit incentive idea was extended in the benchmark countries to include monetary bonuses and retention tied to achievement of performance goals.

However, the promise of performance improvement also relied on increased managerial flexibility. Since output and outcome goals were presumably of greater interest to elected officials, they could devolve control of administrative matters, ‘letting managers manage’ (Kettl 1997: 449). NPM doctrine argued that by focusing political attention on strategic goals, managers could and should gain increased authority over administrative matters. Managers would be free to eliminate red tape, target resources to where they would be most effective and use their ingenuity and first-hand knowledge of implementation to overcome problems and achieve positive change. A clear link between responsibility, authority and reward could be established.

The two reforms, therefore, were seen as mutually supportive. The coexistence of one with the other created the conditions where all actors would be better off. Elected officials could assert a stronger policy-making role, managers would be held accountable to clear standards, but given the freedom to reach those standards and the public would see improved performance in the public sector. The interdependence between these two reforms was emphasized by practitioners who implemented the reforms (Keating and Holmes 1990; Scott *et al.* 1990) as well as close observers of the NPM in action (Schick 2003). This relationship is illustrated in Figure 1. In NPM doctrine the traditional public sector is portrayed as handicapped by weak focus on results, and tight managerial constraints, resulting in poor performance. The leap to a

	Low focus on results	High focus on results
High managerial authority		NPM ideal-type, managers have clear goals and have authority to achieve goals. Should facilitate manager attendance to program effectiveness, higher technical efficiency and results-based accountability
Low managerial authority	Bureaucratic systems, high focus on inputs and little incentive or authority to increase technical efficiency	

Figure 1: The promise of NPM reform

performance-driven organization requires both a focus on results, and the authority necessary to achieve those results.

The management prescriptions of the NPM prompt some empirical research questions that are amenable to testing. Perhaps the most obvious is whether the reforms actually work. There is some evidence that clear goals and bureaucratic autonomy are strong predictors of public sector performance (Wilson 1989; Wolf 1993, 1997; Rainey and Steinbauer 1999; Moynihan and Pandey forthcoming). Adopters of NPM ideas claim to be doing more with less, but definitive evidence has proved elusive (Pollitt 2000). Another question is the unanticipated consequences of these reforms. A number of dangers have been highlighted, including political blame-shifting to bureaucrats, and the general decline of the traditional Ministerial – bureaucratic relationship (Hood 2000), as well as a declining sense of public service and morale among administrators (Schick 1996). But the NPM prescriptions continue to be regarded as the dominant reform option in public management, and have been adopted to varying degrees in a wide variety of settings (Politt and Bouckaert 2000). There is, therefore, another research question to examine, and one of special relevance to practitioners: What conditions increase the possibility that public organizations gain a focus on results, and increase managerial flexibility? In the next section, we examine the organizational and political conditions that enable these desirable organizational characteristics to occur.

In doing so we employ statistical methods in an area that has been largely the domain of case studies. It is worth noting the relative virtues of both approaches. All statistical models have inherent weaknesses that are a function of the sample, nature of the survey and analysis. In understanding the nature of the reform process, in particular the political aspects, case studies have clear advantages. To a greater degree than a well-executed case study, the statistical testing of a linear model necessarily simplifies the complexity of organizational life, overlooking the endogenous and interactive nature of organizations. The process of converting organizational concepts into quantitative variables is particularly hazardous for the NPM, not just because of the risk of oversimplification, but also because what the NPM means is a contested issue. Formal analysis forces us to a level of clarity that is not always apparent in the NPM literature (Barzelay 2001), or among NPM adopters (Smullen 2004). In an effort to deliver a generalizable examination of NPM doctrine we took what we found to be the two clearest recommendations for core public organizations across NPM writings from Westminster systems and the more US-flavored liberation management approach: create a focus on results and provide managers with greater authority. This is an oversimplification to be sure, but our goal is to shed light on claims that have been widely accepted and frequently adopted rather than test the entire body of NPM doctrine. The statistical model we employ here goes some way toward offering some clearly defined evidence on these questions. The use of specific concepts and hypotheses provides a research base that future work can refine, retest or falsify. The use of data from 274 respondents from across 50 US state governments offers a degree of generalizability beyond most case studies.

Our model is deliberately generic and applicable to other settings that also face challenges of implementing reforms, dealing with entrenched organizational norms and a political environment. But before we engage in the analysis it is worth considering the limits of the NPM and how this relates to our model. The rhetoric that accompanied the NPM doctrine sometimes appeared to claim that NPM was part of a global revolution that involved public management reforms pulling governments to a similar stage of performance. Our effort to examine how NPM concepts occur across governments should not be interpreted as an acceptance of the homogeneity or hegemony of NPM ideas. Indeed, it is the variation across states we are interested in explaining. It is important to acknowledge the degree of divergence that we see in the adoption and implementation of NPM ideas. Pollitt and Bouckaert's (2000) careful summary of recent public management reform suggest that the NPM in practice varies significantly from the NPM as an idea, due to differences in institutional setting, the decision process of elites, socio-economic effects, chance events and differences in administrative systems.

Our study looks at state governments, which do not vary on many of the major factors identified by Pollitt and Bouckaert, enabling us to focus more attention on managerial factors such as culture and communication. But one major caveat to our model is that if applied to a more heterogeneous sample it would be necessary to carefully consider (a) whether the individual states have interpreted management reform in the same way, and (b) additional variables that reflect domestic factors that reshape how NPM ideas are adopted.

As we note the pattern of heterogeneity in the adoption and implementation of NPM ideas, we also note that many nations have largely rejected these ideas. This undermines claims of NPM hegemony. One can argue, for example, that *Rechtsstaat* regimes have continued to emphasize their traditional legalistic approach in the face of NPM doctrine. From such a perspective, the cultural archetypes promoted by NPM doctrine, and outlined in Figure 1, represent an inaccurate and possibly dangerous mischaracterization, particularly in the area of managerial authority. What the NPM portrays as bureaucratic constraints may be considered by others as a vital procedural protection (Kaufman 1977). On the flip side, NPM images of entrepreneurial managers may be seen by others as a troubling growth in power of the unelected and unaccountable.

The purpose of this article is not to resolve these debates. Our efforts to explain the factors that predict the adoption of NPM doctrine cannot do so. But it is important to frame the limits of our analysis by acknowledging that the desirability of the cultural archetypes promoted by NPM doctrine is a contested matter, and that adoption of NPM ideas has witnessed more variety than convergence.

EXPLAINING DESIRABLE ORGANIZATIONAL CHARACTERISTICS

Recent studies of governance have stressed distinctions between different types of explanatory factors of organizational characteristics and outcomes (Lynn *et al.* 2000).

The most obvious distinction is between factors under managerial control, and factors derived from political or societal characteristics. Even within the category of factors under managerial control, there are distinctions: managers can introduce new formal reforms, but it is a much harder and longer task to change an entrenched organizational culture. In this study we focus on three types of explanatory factors: formal reforms introduced by managers; entrenched organizational characteristics; and interactions with the political system. We therefore test the following questions:

- Do purposeful and formal management reforms create desirable organizational characteristics?
- Do entrenched organizational practices and culture shape desirable organizational characteristics?
- Do interactions with the political system shape desirable organizational characteristics?

The following section presents and discusses the underlying theories and specific hypotheses arising from these questions. We test these hypotheses using two desirable characteristics suggested by the NPM and other public management scholarship: a focus on results and managerial decision-making authority. Focus on results is based on a summative scale of three statements: 'The organization's mission is clear to almost everyone who works here'; 'It is easy to explain the goal of this organization to outsiders'; and 'The organization has clearly defined goals.' The statements reflect the assumption that a focus on results means that goals exist and are clearly understood by those within the organization. Clearly, given the survey format of our data collection, the variable 'focus on results' indicates the perceptions of members of the organization on the degree to which this concept exists as measured by the above questions, and not indicative of the actual results in the agencies that comprise the survey population. There are a number of different aspects of managerial authority: budgetary, personnel, procurement, etc. What binds these different aspects of authority together is the idea of freedom in decision making. We therefore created a scale of managerial authority based on ratings of the following statements: 'There can be little action taken here until a supervisor approves a decision'; 'In general, a person who wants to make his own decisions would be quickly discouraged in this agency'; and 'Even small matters have to be referred to someone higher up for a final answer.'

Management reform

The NPM – indeed, public management as a professional activity – is based on the assumption that purposeful management action can change how organizations work, which in turn leads to improved performance. This leads to our first hypothesis:

H1: Management reforms will bring about a focus on results/managerial authority.

The NPM prescribed a series of specific reform options to create desired organizational characteristics. To increase a focus on results, organizations should be informed by customer preferences through customer service training and measurement; undertake strategic planning and measure outcomes. To further managerial authority, organizations should empower employees; simplify and relax personnel rules; allow managers to carry over unspent funds across fiscal years; flatten the organizational hierarchy, pushing authority to front-line employees; and offer greater discretion in the procurement of goods and services. These reform options were widely discussed in popular and academic public literatures, the most prominent example being Osborne and Gaebler (1992). We employ separate scales to create the variables 'results-based reforms' and 'managerial authority reforms' asking managers the degree to which they have seen implementation of the reform efforts described earlier in the previous four years.

Entrenched organizational norms

Few concepts in the study of organizations are as difficult or as inescapable as culture. As defined by Schein (1992: 12), culture is:

A pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems.

The idea that culture matters to bureaucracies is well established (Barnard 1938; Merton 1940; Kaufman 1960). A mission-based culture has been associated with high-performing organizations (Wilson 1989; Wolf 1993; Rainey and Steinbauer 1999). Brewer and Selden (2000) find that cultures with instrumental values of efficacy, teamwork, concern for the public interest and protection of employees tend to perform better. But culture can also stymie or reshape reforms and policy changes (Schein 1992). New reforms may therefore find themselves defeated because they failed to cater for cultural biases within the organization (Gouldner 1954; Wilson 1989).

Measuring culture has proven difficult (Schein 1996). In part this is because defining organizational culture along a uni-dimensional scale fails to capture the complexity of competing cultures in almost all organizations. This complexity gave rise to Quinn and Rohrbaugh's (1981) categorization of distinct value types based on their competing values framework, and Zammuto and Krakower's (1991) effort to operationalize these types into reliable cultural constructs. In assessing cultural types for this data-set Welch and Pandey (2003) adapted the Zammuto and Krakower work, employing principal iterated factor analysis with varimax rotation. The appendix provides the factor analysis results. They developed two distinct cultural constructs that are perfectly suited for investigating the role

of organizational culture in the context of creating a focus on results and managerial authority: 'entrepreneurial/goal-oriented' (based on a combination of Quinn and Rohrbaugh's developmental and rational types) and 'bureaucratic' (essentially the hierarchical type in Quinn and Rohrbaugh's model). Entrepreneurial/goal-oriented cultures emphasize innovation, growth, adaptation and achieving goals. Such cultures are highly consistent with the idea of empowering managers who are seeking to improve organizational performance, and are likely to foster such behavior among employees. Bureaucratic cultures rely on formal rules and procedures to control managerial action and coordinate work, reflecting the traditional image of culture in the public sector. NPM doctrine has emphasized the values incorporated in the entrepreneurial/goal-oriented culture, and explicitly rejected bureaucratic cultures as too slow, too rigid and rarely focused on results.¹ We therefore hypothesize:

H2: Organizations with a strong entrepreneurial/goal-oriented culture will be more likely to have a focus on results/managerial authority.

H3: Organizations with a strong bureaucratic culture will resist a focus on results/managerial authority.

Organizational communication is another fairly entrenched pattern of organizational behavior, although to a lesser extent than organizational culture. Absent adequate efforts to communicate goals, employees are less likely to believe that their organization has a clear focus on results. Effective internal communication matters even more for public organizations because of the ambiguous nature of their goals (Garnett 1992; Nutt and Backoff 1992; Rainey 2003). While more communication is not a silver bullet and cannot be expected to resolve all ambiguities, it can certainly help indicate a forward direction by clarifying tensions between legitimate values (Nutt and Backoff 1992: 45–6). Internal communication can be expected to be particularly effective if optimal use is made of upward, downward and lateral channels of communication (Garnett 1992). Accordingly, we hypothesize:

H4: Use of internal organizational communication channels will enhance a focus on results.

A barrier to enhanced managerial authority is the perception that unless organizations have clear goals by which they could be held accountable, it is unwise to provide such authority, since it is difficult to tell whether it would be used for correct purposes. The bureaucratic model reflected this assumption by placing constraints on bureaucrats. The NPM suggested that the use of performance information could overcome this problem, and that organizations could adopt both goal clarity and increased managerial authority at the same time. But in US state governments these reforms have not been adopted at the same rate at the same time. Survey evidence finds that states have emphasized creating the focus on results rather than extending managerial authority (Brudney *et al.* 1999; Moynihan forthcoming). One explanation for this pattern of reform adoption is that governments want to be sure that a system of performance-based accountability is

first in place to reduce the potential for abuse of managerial discretion. If this logic is correct, then the existence of goal clarity should be an explanatory predictor for enhanced managerial authority.

H5: Organizations with a focus on results will increase managerial authority.

Political influence

Most contemporary observers find the notion of public administration being free of political influence, and trusting bureaucrats imbued with neutral competence to guide agencies to serve the public interest, as less than credible (Gormley 1989). While such an idea made sense in the shadows of the excesses of the spoils system, the wisdom in Wilson's (1887) formulation of politics–administration dichotomy came under much scrutiny during the twentieth century. In a classic article, Norton Long (1949) asserted that political support is crucial for an agency to operate effectively and agency operations are guided by the wide variety of interest groups in the polity. In a more recent work, Meier summarizes how elected officials and interest groups influence an agency's ability not only in obtaining resources but also with respect to autonomy of day-to-day operations. Therefore, political support and dispositions of salient publics is a key resource that determines an agency's ability to follow and sustain organizational and managerial reforms. In light of this we propose that:

H6: Political support of elected officials will increase a focus on results.

H7: The influence of client groups will affect a focus on results.

H8: The influence of the public will affect a focus on results.

With respect to managerial authority, political support among elected officials and client groups will be associated with greater managerial autonomy (Meier 2000). Elected officials are likely to provide autonomy to a public organization that they trust, has a strong track record and is unlikely to use that autonomy in a way that causes political embarrassment. For client groups, the motivation is more self-interested. They will lobby for increased managerial authority assuming that this will allow managers greater freedom to channel benefits to them. Citizen and media attention to public organizations is more sporadic, more likely to be drawn by an organizational failure or scandal than by claims about how to improve day-to-day management.

H9: Political support of elected officials will increase managerial authority.

H10: The influence of client groups will increase managerial authority.

H11: The influence of the public will reduce managerial authority.

Data and methods

The data for this study were collected in Phase II of the National Administrative Studies Project (NASP-II). The theoretical population of interest for this study was comprised of managers engaged in information management activities, working in state-level primary health and human service agencies. Primary health and human service agencies include agencies' housing programs related to Medicaid, Temporary Assistance for Needy Families and child welfare. These agencies operate some of the most important health and social service programs in the USA. Just two of these programs, namely Medicaid and State Children's Health Insurance Program (SCHIP), serve nearly 40 million beneficiaries with total annual spending close to \$200 billion (Hoffman *et al.* 2001). Typically, most NPM research is based on studies of government organizations in the UK, Australia and New Zealand – the NPM benchmark countries (Barzelay 2001). By contrast, this article develops and tests a theory using cross-state data from the USA.

The human service function is regarded as a core function of government in most nations, and managers usually face problems of an excess demand over resources. As in other parts of government, managers in this area have faced pressures to be more efficient in service provision, and to adopt management reforms that will help them do so. Consistent with Caudle (1990), we employ a broad definition of information management including not only those who manage information systems applications but also managers involved in research and evaluation, managers dealing with public information and communication and top-level program administrators. The average age of managers we surveyed was almost 50 years, almost half were women, the average length of stay in the organization was over 15 years and the average salary was between \$50,000 and \$75,000. This demographic description sounds more consistent with our expectations of a typical career manager in a health and human service agency, and not the popular image of IT staff as a young male that frequently changes employment. However, as with any survey of a particular group, caution needs to be exercised in generalizing study findings.

Given the emphasis of the NPM on changing the behavior of the individual, our survey and analysis places the individual manager as the unit of analysis. We test our models with ordinary least squares (OLS) regression, estimating the effects of each independent variable on organizational effectiveness while holding the other independent variables constant.² The sampling frame was 518.³ By the time survey administration concluded in winter of 2003, a total of 274 responses were received. Thus, the response rate for the study was 53 percent. The underlying data for the dependent and independent variables are explained in the appendix, along with the original sources of the questions used in the survey, and measures of internal scale consistency, Cronbach alpha scores (DeVellis 1991).

RESULTS

We employed almost identical explanatory models for the two dependent variables. The descriptive data for the individual variables are presented in Table 1. Both models prove to be significant (see Table 2), although the managerial authority model has a higher explanatory power. This is reflected both by a higher adjusted R^2 (.410, compared to .297 for the focus on results model), and in the additional numbers of independent variables that prove significant explanatory factors.

We examined three types of variables, purposeful reform by managers, entrenched organizational factors and the influence of the political system. While we posed the theory as three competing influences, our findings suggest a more complementary picture. Formal reforms can create desired organizational behavior, but political support also matters a great deal, as does culture, at least for managerial authority.

Purposeful management reform is a strong predictor of desired organizational characteristics. The efforts of managers to produce desirable organizational characteristics appear to have paid off. Organizations that have recently undertaken strategic planning, performance measurement and building a customer service orientation have a clear sense of mission and goals. In organizations that have tried to increase procurement, fiscal carryover and personnel authority, managers feel that they have greater decision-making authority.

These essentially positive findings on the results of reforms are in contrast to the image of public sector reforms as continual waves crashing fruitlessly against the unchanging rock of entrenched patterns of behavior (Downs and Larkey 1986). What explains the divergence our findings offer from a skeptical perspective that has usually been proven accurate? One plausible explanation presents itself, and prompts us to

Table 1: Descriptive statistics

<i>Variables</i>	<i>Mean</i>	<i>Standard deviation</i>
Focus on results	8.8930	2.0601
Managerial authority	8.3173	2.0859
Results-based reforms	10.7594	3.1638
Managerial authority reforms	7.5681	4.8384
Entrepreneurial/goal-oriented culture	15.8199	3.9077
Bureaucratic culture	3.5036	1.0902
Internal communication	16.5714	3.9346
Elected official support	13.0806	3.8012
Client influence	2.5625	0.8306
Citizen/media influence	5.0812	1.5447

Table 2: Results of ordinary least squares regression

<i>Variable</i>	<i>Focus on results</i>	<i>Managerial authority</i>
<i>Management reform</i>		
Results-based reforms	.198***	–
Managerial authority reforms	–	.168**
<i>Entrenched organizational norms</i>		
Entrepreneurial/goal-oriented culture	.033	.251***
Bureaucratic culture	–.014	–.256***
Internal communication	.335***	–
Focus on results	–	.158**
<i>Political influence</i>		
Elected official support	.181**	.168**
Client influence	–.018	.141*
Citizen/media influence	.063	–.130*
Model <i>F</i> -value	16.715	26.230
<i>N</i>	261	254
<i>R</i>	.562	.653
Adjusted <i>R</i> ²	.297	.410

Standardized beta coefficients displayed in the table.

***statistically significant at .001, **statistically significant at .005, *statistically significant at .01.

Note that significance levels are one-tailed tests if matching a predicted direction, two-tailed tests otherwise.

rethink how we perceive the potential of reform efforts. Wilson (1989) has argued that programs where there is a clear and logical understanding of the connection between technologies and goals will be easier to manage; programs that lack that clarity are harder to successfully effect. We propose a similar relationship for government reform efforts. The success of reform efforts depend on how clear, tight and logical is the link between the reform effort and the reform goal. Reform efforts that promise to change and make governments more efficient and effective can almost never emerge from the opaque nature of alternative causal factors, tradeoffs with other goals or lack of convincing data (Pollitt 2000). Managers grow cynical of reforms that promise too much, because it is almost impossible to verify if they deliver. On the other hand, formal reform efforts where there is a clear link between the desired outcomes and the nature of the reform, and when the reform can be narrowly and specifically targeted to this outcome are more likely to be successful, and to be perceived as successful. Hou *et al.* (2003) offer an example of such efforts, pointing to the success of rainy-day-fund requirements to foster government savings. That such a seemingly obvious point needs restating testifies to the strength of the argument that reforms are often only loosely connected to their stated purpose, owing to an adoption process that DiMaggio and Powell (1983) have characterized as institutional isomorphism. The institutional isomorphism approach argues that the normal conditions of public sector reform

adoption are environmental uncertainty, ambiguity arising from unclear goals and uncertain knowledge about effective organizational technologies. This in turn leads to reform decisions that are driven by a search for organizational legitimacy rather than improved effectiveness. While the results of this article do not directly contradict the institutional isomorphism argument, they do suggest that narrowly focused reforms for the purposes of enhanced authority and focus on results have had a practical impact on changing managerial systems. Wide distribution of NPM ideas in a popular and academic literature made reformers aware of a menu of specific reform options that were closely matched to achieving these goals. Such reforms may have been partly adopted for their symbolic values, but this is not necessarily inconsistent with providing positive instrumental values for public organizations.

Another finding that is consistent across the two models is the positive role of political support from elected officials. All other things equal, agencies are more likely to be successful in undertaking reforms if they enjoy the support of election officials. Agencies without such support may be just as likely to pursue reform, but less likely to succeed in adopting the reforms. The benefits of political support include autonomy and resources, factors also likely to enable agencies to manage change successfully. For the focus on results model, other political explanations do not prove significant. For the managerial authority model we find that other political variables matter greatly. As predicted, the greater the influence of clients on an organization, the more likely it will be that members of the organization will be granted authority. This fits with the classic 'iron triangle' approach to government: clients will push elected officials to offer administrators greater resources and autonomy, in the belief that this will ultimately benefit the client group (Lowi 1969). By contrast, the influence of the public and media serves to restrict the autonomy of bureaucrats. The media and public have an entirely different relationship with health and human service agencies than clients, more likely to be characterized by suspicion rather than cooperation, a demand for accountability rather than autonomy.

In the focus on results model we find that the most powerful explanatory variable is the success of internal communication. Organizations where respondents felt that the leadership communicated tasks, strategic direction and feedback on work performance, where employees communicated their perspective on organizational problems upwards and where peers provided support to one another were likely to have a strong focus on results. This finding is unusual in the degree of importance it ascribes to communication. NPM doctrine places a great deal of emphasis on strategy process: creating strategic plans, customer service plans and performance reports. Rather than being an afterthought to strategy process, internal communication is at least as important to instilling a sense of purpose among employees as formal processes of strategic planning and performance reporting. Strategy process does not communicate itself, and to be fully exploited depends on effective channels of internal communication. This finding is consistent with the experience of public organizations that engage in sophisticated strategy process, but never actually communicate such information to the unaware and unchanged employees (Moynihan 2005). The difference

between strategic plans that gather dust on bookshelves and those that actually shape employee actions is largely explained by communication. Once communicated, employees must still accept and internalize the goals reflected in performance management documents, but without communication they will not do so.

The results suggest that our measures of organizational culture matter a great deal to fostering and inhibiting managerial authority, but not to a focus on results. Neither the existence of an entrepreneurial/goal-oriented culture, or a bureaucratic culture, proves a significant predictor of a focus on results. The null findings for entrepreneurial/goal-oriented culture are surprising. NPM doctrine and many writers on culture assume that more dynamic and risk-taking cultures will be part and parcel of the new, results-focused public sector. Instead, our model suggests that the aspects of culture that we have measured matter little in fostering a focus on results. Organizations that feature the characteristics of an entrepreneurial/goal-oriented are not significantly more likely to foster a focus on results than a bureaucratic culture. For organizations trying to foster results, the nature of the organizational culture seems to matter less than the success in communicating that culture to employees. Part of the reason why the cultural variables are not significant is the inclusion and success of the internal communication variable, which already controls for one of the key aspects of a mission-oriented culture, i.e. to communicate mission, goals and expectations clearly. A possible explanation for the findings on bureaucratic culture comes from Wolf (1997). Using a meta-analysis of case studies of successful public organizations in the modern and pre-modern era, he argues that the negative effect of formalization is overstated in the NPM literature, since modern organizations are likely to be less formalized than in the past, and appropriately formalized to their organizational mission. Our results here are consistent with this insight. Managers may perceive their organization as being highly formalized, but that does not automatically mean that the values of a bureaucratic culture are at odds with a focus on results. Indeed, many of the efforts to foster a focus on results among US state governments have come through formal reporting requirements for strategic planning and performance reporting (Moynihan forthcoming).

While the formalization and control inherent in bureaucratic cultures may not be inconsistent with identifying an organizational mission, it is directly at odds with the idea of managerial authority. As predicted, there is a strong negative relationship between bureaucratic culture and managerial authority. There is also a strong positive relationship between the entrepreneurial/goal-oriented culture and managerial authority. This finding fits well with the image of organizations with these cultural attributes in the public management literature. They tend to place greater value on organizational achievement than control, and identify organizational empowerment as the means to achieve goals.

The results strongly suggest that if organizations wish to empower their managers, they need to not only undertake formal reforms, but also to think about how to change the organizational culture. An organizational culture receptive to managers making decisions – an entrepreneurial/goal-oriented culture – will be more receptive to the

idea of managerial authority. An organizational culture that hews to the idea of close control over managerial decisions – the bureaucratic culture – will resist granting managers greater freedom.

We also find that an organization's focus on results is a predictor of managerial authority, suggesting that organizations are more willing to extend managerial freedom when they have performance measures to hold them accountable to. In the context of this survey, the findings must be considered preliminary, since a longitudinal data-set would provide a more convincing insight into the causal mechanisms. However, the finding is consistent with NPM doctrine, and the reform experience of US states, where results-based reforms have overshadowed the devolution of authority. The finding is also consistent with management control theory. For instance, Simons (1995: 165) points out:

Empowerment does not mean giving up control, but it does change what is controlled. In the absence of control over inputs or process, individuals must be held accountable for their outputs and performance. A subordinate cannot be empowered if he or she cannot be held accountable for performance. Diagnostic control systems capable of measuring results become critically important. These systems leave it up to employees to figure out how to juggle inputs and processes to achieve the output the systems require.

CONCLUSION

While ideas and the reality of reform are ever-present in the public sector, NPM doctrine has offered clear recommendations on what it takes to create effective public organizations. Much of this literature, however, is based on case accounts that draw upon studies from benchmark countries. The analysis undertaken here is intended to offer another type of research method to answer the question of how organizations adopt NPM prescriptions.

The analysis tested the relative influence of factors that public organizations, almost by definition, must face: formal reforms, entrenched organizational norms and political influence. Before generalizing to other nations, however, it is worth observing some caveats to our model. Our emphasis on the political influence of stakeholders, media and public may reflect the open political institutions of separation of powers system (Weaver and Rockman 1993). Within the USA itself, there remain valid questions over whether enhancing managerial flexibility is suited to a political system with a strong legislative branch and tradition of political appointees, a distinction from the NPM benchmark states.

Another caveat, particularly relevant for developing country settings, is that the value of NPM ideas may be contingent on the evolution of the bureaucracy in a state. Schick (1998) articulates this view when he warns developing countries to think carefully about modeling themselves on the NPM benchmarks. Schick argues that a necessary prerequisite to allowing enhanced managerial authority is the existence of functioning bureaucracy that has internalized external controls. Only when managers

have a track record of spending money responsibly and avoiding corruption should they be entrusted with greater authority. Schick's argument has two implications. First, it suggests that NPM doctrine denigrates the benefits of the bureaucratic format that is a necessary precursor of the NPM ideal-type. Bureaucratic constraints, if observed, become the customs and norms that facilitate an ethic of responsibility among public managers, which is, in turn, central to any reforms that increase discretion. These norms and customs, to some extent, will continue to co-exist with the new entrepreneurial model rather than being simply replaced. The second implication of the evolutionary pattern of the public sector is that the desirability of NPM recommendations should be considered against the context of each governmental setting. Governments should ask themselves if it is a good idea to provide managers with more authority. For many developing countries, Schick argues, the answer is no, and such countries should focus first on building credible bureaucracies.

Even with these caveats, our findings offer both hope and caution to those who believe in the value of reforms in any setting. Formal reforms, if they are specifically targeted to engender a focus on results and enhance managerial authority, can work. But the relative influences from other sources account for a significantly greater amount of variation in the dependent variables. This suggests that NPM reform enthusiasts will do well to be cognizant of real limits (and perhaps facilitators) placed by organizational and political realities, and to think of reforms in a broader context. While political influences are likely to be exogenous in a given national context, reformers need to consider strategies to overcome entrenched organizational norms such as internal communication and organizational culture to create a hospitable environment for reform efforts.

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NOTES

- 1 The portrayal of culture in NPM doctrine is somewhat simplistic – an organization has either an entrepreneurial or bureaucratic culture. However, the data we use to measure culture allow greater variation. Because there are both entrepreneurial and bureaucratic cultural indexes variables we allow for the fact that the same organization can have characteristics of both cultures. Second, these indexes are continuous rather than dummy variables, i.e. organizations will have varying levels of each culture, rather than be classified as purely entrepreneurial or not.

- 2 To determine whether ordinary least square was the appropriate estimation technique, we examined our data for heteroskedasticity, multicollinearity and influential data. A histogram of the standardized residuals shows that they are normally distributed. A scatter plot illustrates that the errors are relatively constant (homoskedastic) and independent of one another. We examined the bivariate correlations and the square root of the variance inflation factor (VIF) to detect multicollinearity (Fox 1991: 11). The highest correlations are between the entrepreneurial/goal-oriented culture and internal communication (.513) and results-based reform (.453), and between client influence and public opinion (.460). None of the other correlations between the independent variables exceed 0.4. The square root of the highest VIF was 1.316 for the entrepreneurial/goal-oriented culture variable in the focus on results model, and 1.205 for the same variable in the managerial authority model. The condition indices for the focus on results model is 23.595 and 24.455 in the managerial authority model, both well below the measure of 30 that indicates a serious collinearity problem with a model.
- 3 The sampling frame was developed with the aid of the most widely used directory of human service agency managers, namely the American Public Human Services Association. Application of study criteria resulted in a sampling frame made of 570 managers from the 50 states and Washington, DC, but this frame was later reduced to 514 because of managers that had left the organization, retired or died before survey administration efforts. Given the small size of the sampling frame, the survey was administered to the entire sampling frame. As with most survey research projects, minimizing non-response, both to the survey and to specific questionnaire items, was a primary goal in the survey administration. We followed Dillman's (2000) comprehensive tailored design method approach to maximizing the response rate. The data collection phase of the study began in fall of 2002 and concluded in winter of 2003.

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APPENDICES

Appendix: Variables, expected relationships and measurement details

<i>Variable</i>	<i>How the variable was measured and source of question</i>
Dependent variable: Focus on results	Summative index (Cronbach alpha = .81) based on three statements (Rainey 1983) (1 = strongly disagree, 4 = strongly agree): The organization's mission is clear to almost everyone who works here It is easy to explain the goal of this organization to outsiders The organization has clearly defined goals
Dependent variable: Managerial authority	Summative index (Cronbach alpha = .78) based on responses to the following statements (Aiken and Hage 1968; Hall 1963) (1 = strongly disagree, 4 = strongly agree): There can be little action taken here until a supervisor approves a decision (reversed) In general, a person who wants to make his own decisions would be quickly discouraged in this agency (reversed) Even small matters have to be referred to someone higher up for a final answer (reversed)
<i>Management reform</i> Results-based reforms	Summative index (Cronbach alpha = .70) of responses to the following questions, taken from Deil Wright's American States Administrative Project (ASAP) (Brudney <i>et al.</i> 1999): 'From time to time, state agencies undertake to change the way in which they do things. Please indicate the extent to which your agency as implemented each of the following over the <i>last four years</i> ' (0 = no changes considered, 4 = changes fully implemented): Training programs to improve client or customer service Systems for measuring customer satisfaction Benchmarks for measuring program outcomes Strategic planning to produce clear mission statements
Managerial authority reforms	Summative index (Cronbach alpha = .67) of responses to the following questions, taken from Deil Wright's ASAP (Brudney <i>et al.</i> 1999): 'From time to time, state agencies undertake to change the way in which they do things. Please indicate the extent to which your agency has implemented each of the following over the <i>last four years</i> ' (0 = no changes considered, 4 = changes fully implemented): Quality improvement programs to empower employees Simplification of human resource rules Greater discretion to carry over funds Reduction in hierarchical levels Decentralization of decision making Greater discretion in procurement

(continued)

Appendix: (Continued)

<i>Variable</i>	<i>How the variable was measured and source of question</i>		
<i>Entrenched organizational norms</i>			
Organizational culture	Culture questions are based on and adapted from Zammuto and Krakower (1991)		
Factor 1 – Entrepreneurial/goal-oriented culture			
	My agency is a very dynamic and entrepreneurial place. People are willing to stick their necks out and take risks	0.67	0.48
	The glue that holds my agency together is a commitment to innovation and development. There is an emphasis on being first	0.69	0.23
	My agency emphasizes growth and acquiring new resources. Readiness to meet new challenges is important	0.73	0.10
	The glue that holds my agency together is the emphasis on task and goal accomplishment. A production orientation is commonly shared	0.66	0.15
	My agency emphasizes competitive actions and achievement. Measurable goals are important	0.76	0.01
Factor 2 – Bureaucratic culture			
	My agency is formalized/structured place. Bureaucratic procedures generally govern what people do.	0.31	0.71
	The glue that holds my agency together is formal rules and policies	0.18	0.82
Internal communication	Maintaining a smooth running agency is important here Summative scale (Cronbach alpha = .78) based on response to the following questions: 'Please indicate your level of agreement or disagreement with each of the following statements regarding internal communication in your agency' (5 = strongly agree, 1 = strongly disagree): Downward communication of task performance directives and instructions is adequate Downward communication about the agency's strategic direction is adequate Downward communication about feedback on work performance is adequate Upward communication about problems that need attention is adequate Lateral communication giving emotional support to peers is adequate		
<i>Political influence</i>			
Elected officials' support of the agency (+)	Based on Gianakis and Wang (2000) we use a summative index (Cronbach alpha = .91) based on responses to the following statements (5 = strongly agree, 1 = strongly disagree): Most elected officials in our state trust the agency		

(continued)

Appendix: (Continued)

<i>Variable</i>	<i>How the variable was measured and source of question</i>
	Most elected officials are very critical of the agency (reversed)
	Most elected officials believe the agency is competent
	Most elected officials believe that the agency is effective
Degree of client influence (±)	Based on Waterman <i>et al.</i> (1998): How much influence do client groups exert over your agency? (0 = no influence, 4 = great deal of influence)
Degree of public/media influence (+)	Based on Waterman <i>et al.</i> (1998). We use a summative index (Cronbach alpha = .80) based on responses to the following statements (0 = no influence, 4 = great deal of influence): How much influence does public opinion exert over your agency? How much influence does the media opinion exert over your agency?