

## Spotlight on Contracting Out and Privatization

**Mary K. Feeney**  
University of Illinois at Chicago

**Barry Bozeman**  
University of Georgia

# Stakeholder Red Tape: Comparing Perceptions of Public Managers and Their Private Consultants

**Mary K. Feeney** is an assistant professor of public administration at the University of Illinois at Chicago. Her research focuses on sector perceptions, mentoring, red tape, and public and nonprofit management. Her articles have appeared in the *Journal of Public Administration Research and Theory*, the *Review of Public Personnel Administration*, *Administration & Society*, and the *American Review of Public Administration*.

**E-mail:** [mkfeeney@uic.edu](mailto:mkfeeney@uic.edu)

**Barry Bozeman** is the Ander Crenshaw Chair and Regents' Professor of Public Policy at the University of Georgia. His research interests include organization theory and public management. His most recent book is *Public Value and Public Interest: Counterbalancing Economic Individualism* (Georgetown University Press, 2007).

**E-mail:** [bbozeman@uga.edu](mailto:bbozeman@uga.edu)

*Despite the abundance of red tape literature and the growing popularity of outsourcing in the public sector, no study has yet investigated red tape in consulting*

*relationships. Using survey data from public managers and the contractors with whom they work, the authors investigate public managers' and private consultants' perceptions of organizational and contracting red tape. They identify the determinants of red tape perceptions, variation in those perceptions, and the characteristics of respondents with stronger divergent views of contracting red tape. The results indicate that government managers perceive higher levels of organizational red tape and contracting red tape than their consultants. Public managers' perceptions of red tape are associated with job satisfaction and time spent managing and communicating with consultants. Consultants' perceptions of red tape are associated with perceptions of the appropriateness of the government agency's rules, the number of years the firm has worked with the agency, and the percentage of the firm's cost-plus contracts.*

Since the publication of the first empirical studies of red tape (Bozeman and Loveless 1987, Bozeman, Reed, and Scott 1992, Buchanan 1975), researchers have generally taken a unitary organizational perspective on red tape, often following the definition of red tape as “[r]ules, regulations, and procedures that remain in force and entail a compliance burden but do not advance the legitimate purposes the rules were intended to serve” (Bozeman 2000, 12). What we mean by a “unitary organizational perspective” is a focus on the “legitimate purposes” and objectives of a single organization rather than the multiple objectives of the diverse parties to rules and regulations, including not only members of a focal organization but also members of partner organizations or stakeholder groups.

The unitary organization focus owes less to researcher preference than to the analytical difficulties posed by multicriterion, multiperspective approaches (for a

detailed discussion, see Pandey and Scott 2002). By providing a relatively simple concept, the unitary organizational perspective on red tape has given researchers leeway to concentrate on the much-needed task of developing constructs and measures of red tape without getting hopelessly entangled in conceptual chaos or multiple levels of analysis. The result has been the development of many useful red tape measures, some behavioral and others

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perceptual. Behavioral measures include the time required to accomplish core tasks (e.g., Bozeman and Kingsley 1998, DeHart-Davis 2007) and the number of persons required to sign off on decisions (Bozeman and Crow 1991). Perceptual measures typically ask respondents about the rules, regulations, and red tape associated with personnel and human resources activities (Pandey and Moynihan 2006, Scott and Pandey 2005), procurement (Pandey and Moynihan 2006, Scott and Pandey 2005), and general organizational red tape. The few studies that have employed both behavioral and perceptual indicators of red tape have found that both types of variables can have important implications for public management and that the two, while related, are not always associated in the manner expected. For example, in some cases, those who *perceive* high levels of red tape work in organizations that actually have relatively low levels of *observed* red tape (see Bozeman and Crow 1991). There is an emerging consensus that perceptions of red tape matter and that these perceptions affect behavior in complicated ways.

Despite significant progress in developing not only red tape measures but also empirically based explanatory theory, few have taken up the challenge of developing

measures and conducting research with a multiple-perspective, multiple-organization view of red tape (an exception is the current work of Brewer and Walker 2005, 2006). How do multiple actors and stakeholders perceive red tape? Almost all empirical studies of red tape have been based on survey data from multiple organizations with one person representing one organization (or with persons representing individual perceptions of red tape–related phenomena differing in each organization).

The objective of the present study is to shed light on the red tape perceptions of multiple actors in different interacting organizations responding to an arguably similar set of administrative rules, procedures, and behaviors within a shared relationship—the contract. This study is a preliminary step toward understanding “stakeholder red tape” (Bozeman 1993, 2000) by examining red tape from a multirespondent, multiorganization perspective, where the respondents have at least some shared experiences. This takes a step toward responding to Pandey and Welch’s (2005) call for red tape research to assess specific management subsystems and Bozeman and Scott’s assertion “that progress in red-tape research and knowledge requires attention to several issues, including . . . the need to consider red tape from the perspective of multiple stakeholders” (1996, 1).

The research questions considered here include the following: Do perspectives of red tape differ between the government organization and the stakeholder organizations, and if so, what predicts those differences? According to Scott and Pandey (2005), organizations have different forms of red tape, and the type of perceived red tape can differ for the organization’s clients and providers. This study considers red tape from the perspective of the public agency *and* the stakeholders that implement state contracts, consulting firms. We first investigate intraorganizational red tape generated within the government agency that affects workers in the organization and red tape generated within contracting firms that affects workers in those firms. We then investigate red tape in contracting relationships between the agency and individual firms. For the contracting firms, this is external control red tape, or red tape “that is external to the organization but has integral organizational impacts, such as a rule being promulgated by a parent firm or oversight agency” (Scott and Pandey 2005, 159). For the agency, this is ordinary red tape because it “originates inside the organization and has external impacts on clients or other organizations” (159).

The design of the current study, focusing on the multiple interactions of a single organization, is well suited as a first step in ascertaining the symmetry of perceptions of red tape. Indeed, the design of the survey was specifically set up to permit the examination

of relationships between the focal organization and its stakeholders. The focus on a single core contracting organization means that actors are for the most part laboring under quite similar laws, rules, regulations, and procedures. Second, because there are several contracting organizations, there is some likelihood of diversity of perspective, not only between the principal and the agent but also among the various contracting firms implementing contracts of varying value, size, and scope. Third, the multiple respondents of both the core public agency *and* many of the contracting organizations allow us to tap individual perspectives mediated by shared organizational contexts.

### **A Red Tape Theory Conundrum: Multiple Perspectives and Stakeholder Red Tape**

In public administration research and theory, the most common definition of organizational red tape is the one provided in the previous section. However, this familiar definition skirts a major analytical issue: the similarity or dissimilarity of perceptions based on the same perceptual object (Kahneman and Henik 1981), in this case the same rules, regulations, or procedures. Bozeman defines “*stakeholder red tape*” as “a rule that remains in force and entails a compliance burden, but serves no objective value by a given [individual] or by a stakeholder group” (2000, 83).<sup>1</sup> From a research standpoint, the differences between the two concepts of red tape are profound. Why, then, has so little attention been focused on stakeholder perceptions of red tape?

The lack of research on stakeholder or multiple-perspective red tape cannot be explained by the newness of the concept. While the term “stakeholder red tape” and its definition are of relatively recent vintage, the insight is decades old. Waldo long ago observed that “one man’s red tape is another man’s system” (1946, 399). Even earlier, Merton (1940) showed the importance of individual attributes in mediating perceptions of organizational structures and procedures. A reading of both Waldo and of Kaufman’s (1977) earliest extended work on red tape easily leads one to conclude that “stakeholder” red tape has more face validity than “organizational red tape.” The problem with developing a research agenda on stakeholder red tape pertains more to the challenges of data and method than to a lack of guiding theory. One of these data challenges is easily surmounted, but another is nearly impossible to resolve completely.

First, multiple-stakeholder perspectives obviously require the researcher to abandon the common, if not entirely felicitous, tendency in organization research to treat one individual as a valid reporter of phenomena for one organization. A great many questionnaire-based studies have proceeded on this basis. A second and much more difficult problem is to identify organizational phenomena that are suitably similar in

impact and cognition as to permit the gathering of valid data from diverse people who have diverse perspectives on a shared experience or interaction. The trick, no mean one, is to ensure that respondents are sufficiently different or far-removed to plausibly assume some variance in perceptions and, at the same time, to ensure that the phenomena they experience jointly is sufficiently stable, with sufficient shared meaning, to plausibly assume that they are responding to the same perceptual object.<sup>2</sup>

Coming back to the specific problem at hand, let us consider the possibilities for stakeholder red tape. If we consider public organizations' stakeholders, these may include, among the many possibilities, members of the focal organization (perhaps members from different divisions, groups, or coalitions), political superiors such as congressional overseers, members of interorganizational partnerships, the media, and, of course, citizens, clients, and clientele groups. For larger numbers of stakeholder groups, one stretches credulity if one assumes that members of such diverse groups, particularly ones interacting relatively little, are plausibly responding to similar experiences with shared phenomena. It is for this reason, chief among others, that Bozeman concluded that "comprehensive and valid measurement of a stakeholder concept of red tape is inevitably a prodigious task, so much so that organizational red tape may well be the better hope for developing researchable constructs" (2000, 84). Recently, researchers have investigated "external red tape," defined as the bureaucratic procedures and regulations that make it difficult for citizens and other stakeholders to interact with public agencies (Brewer and Walker 2005, 2006). However, overall red tape research has proceeded apace, perhaps in some large part owing to a tendency to focus on the lower-hanging fruit of unitary organizational red tape measures.

The fact that stakeholder red tape provides a less secure research target than organizational red tape says nothing about its importance. There are few more confidence-inspiring catchphrases in the study of public policy and public organizations than Miles' law: "where you stand depends on where you sit" (1978).

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While it is certainly the case that treating a rule or a set of rules from the perspective of an anonymous, objective observer has great utility for facilitating organizational research (just as many of the core assumptions of economics, such as perfect information, facilitate research), that analytical convenience has no bearing on the fact that different people perceive rules and red tape differently, both objectively and perceptually.

### Contracting and Red Tape

The study is distinctive in another way—a secondary focus on red tape in contracting. The organizational set examined here is a single government agency dominated by outsourcing and the organizations' contractors. While some studies have considered aspects of administrative relations between agencies and their contractors, few have focused specifically on red tape (Pandey and Bretschneider 1997, Welch and Pandey 2005). This is somewhat surprising inasmuch of the New Public Management rhetoric and specific government reforms take as their stated objectives reducing red tape and freeing public organizations from red tape by offering new methods for flexibility in personnel management and service delivery (Hood 1991, Thompson and Riccucci 1998). At the same time, contracting relationships between public and private organizations may add layers of formal rules, bureaucracy, and management and may result in increased red tape perceptions among all individuals engaged in contracting relationships. Given the widespread growth of outsourcing in the public sector, it is increasingly important to understand the possible constraints in relationships between public managers and their consultants. We focus on the extent to which members of the government agency and consulting firms perceive the same red tape reality.

### Hypotheses

Conceptually, two related research questions frame this study of multiple perspectives on red tape. First, do red tape perceptions differ according to whether one is a member of the focal organization (in this case, a public agency) or a member of a stakeholder organization (in this case, a consultant contracting firm)? Second, if focal organization members differ from stakeholder organization members—and we

hypothesize that they do—then what factors account for those differences? We anticipate that respondents will report varying perceptions of red tape in their respective organizations and that organizational culture and work environment will drive divergent views of red tape associated with the contracting relationship. We also expect that red tape will be related to the degree and intensiveness of stakeholders' and focal organization members' interactions with one another in contracting, measured in terms of communications, amount of time spent on contracting paperwork, and interactions with the focal organization and according to employees' level of experience with contracting. There is no research taking this particular perspective of investigating stakeholder red tape, but there are studies in the red tape literature (and, to a much lesser extent, the contracting literature) that at least impinge indirectly on these questions. Each hypothesis is provided here, along with the reasoning and, when possible, the related findings associated with them.

This study considers perceptions of both the overall red tape in the respondent's organization as well as the more focused question of red tape in contracting. Several previous studies of red tape have examined various aspects of red tape pertaining to the entire organization. One of the most enduring findings in red tape research (see, e.g., Rainey, Pandey, and Bozeman 1995) is one that conforms nicely to commonsense expectations—government agencies tend to have higher levels of red tape. This finding has been obtained for studies of perceived red tape, directly and indirectly measured red tape, and in both aggregate data studies and case studies (for a review, see Pandey and Scott 2002). The predominant explanation for this set of findings is that government agencies typically are subject to greater accountability rules, external constraints, and personnel constraints than private firms (Bozeman 2000).

Research suggests that “more public” *private* firms—those that have greater resource dependency on government and are strongly influenced by political authority (Bozeman 1987)—mimic government organizations in many ways, including a tendency to have higher levels of red tape. Thus, it seems useful to compare a contracting agency's red tape with that of its contractors. We consider assessments of red tape in the respective organizations (the contractors' views of their own firms and the agency personnel's view of their agency) and their assessments of red tape in the contracting relationship. Given that government agencies generally have higher levels of perceived red tape and objectively measured red tape, we expect that the stakeholder organizations (consultants) will perceive lower levels of red tape in their firms compared to the perceptions of organizational red

tape among government employees. When considering contracting red tape, we expect that consultants, because they work in organizations with relatively lower levels of red tape, will perceive higher levels of contracting red tape because these contracting relationships bring them into regular contact with public organizations.

**H<sub>1</sub>:** Public managers will perceive higher levels of *organizational red tape* in the government agency compared to private managers' perceptions of red tape in private consulting firms.

**H<sub>2</sub>:** Compared to public managers, private consultants will perceive higher levels of *contracting red tape*.

To the extent that private organizations engage in cross-organizational transactions with government organizations, we can expect that red tape and perceptions of red tape will follow. Studies of organizational publicness have employed a variety of measures to determine the extent to which organizations are constrained in their transactions by political authority (Bozeman 1987). The publicness measures most frequently used include the percentage of resources obtained from government sources and the percentage of work time spent communicating with government employees. In the current sample, there is insufficient variation to employ the first set of indicators (in this case, all of the organizations are highly reliant on government resources), but there is considerable variance, both within the focal agency and among respondents in stakeholder organizations, to examine levels of communication. There has been relatively little study of the relationship between organizational communications and red tape (Pandey and Bretschneider 1997), but separate studies of research and development organizations—one study U.S. based (Bozeman and Crow 1991) the other cross-national (Bozeman and Loveless 1987)—found that private firms with higher levels of communication with public agencies tended to have higher levels of observed red tape. We expect that private consultants who report high levels of communications with public managers will perceive higher levels of red tape and that public managers who report high levels of communications with consultants will perceive higher levels of red tape.

**H<sub>3</sub>:** Private consultants and public managers who report increased amounts of time spent communicating with public managers and consultants will report higher levels of perceived *contracting red tape*.

The organizational red tape measure used frequently in the red tape literature (Bozeman and Kingsley 1998, DeHart-Davis 2007, Welch and Pandey 2005) is an important global concept that is not anchored with particular activity indicators. Thus, it is useful to

compare these perceptions against an activity that is more precise—namely, the amount of time each week that respondents spend on contracting paperwork. In the literature, a common “indirect” measure of red tape, administrative delay, measures the amount of time it takes to complete managerial tasks (Pandey and Welch 2005). Time spent doing paperwork is not judged as red tape (red tape entails extraneous activity, and the paperwork is possibly quite important) but is useful in determining the extent to which red tape perceptions are shaped by the actual amount of time spent on paperwork.

**H<sub>4a</sub>**: For all respondents, higher levels of time each week dedicated to doing contract paperwork will be positively associated with higher levels of perceived *organizational red tape*.

**H<sub>4b</sub>**: For all respondents, higher levels of time each week dedicated to doing contract paperwork will be positively associated with higher levels of perceived *contracting red tape*.

Virtually every comparative study examining both observed and perceptual measures of red tape concludes that perceptions are highly dependent on context, experience, and expectations (Bozeman 2000, Pandey and Scott 2002). However, the paucity of longitudinal red tape studies means that our knowledge of the particular effects of familiarity and intensity of relationships on perceived red tape remains unclear. Our expectation is that a longer period working with the agency will for a number of reasons reduce perceptions of red tape. In the first place, it is likely that the more experienced consultant, after developing more experience with the agency’s rules and procedures, will in some cases learn the purposes and functions of the rules (often not immediately evident or well communicated) and will judge some percentage of these as not being red tape (Landau 1969, Zhou 1993). Second, consultants with more experience are more likely to take rules for granted, even meaningless ones, and become inured to red tape (Bozeman 1993, Downs 1967). Third, experienced consultants often find ways around red tape and thus reduce its impact (Downs 1967). For example, one study (Hutchinson 1990) showed that experienced nurses enhance their effectiveness by “bending the rules” in service of patients. It does not, of course, follow that more experienced persons would actually *perceive* less red tape just because they are successful at getting around it. But it does seem plausible that those who are not affected by red tape would be less attentive to it and, because of diminished attention, perceive less of it.

One complication in testing this hypothesis is the relationship between red tape and formalization. Studies exploring the distinctions between formalization and red tape typically note that formalization,

defined as the extent to which rules, procedures, and communications are written (Pugh et al. 1968), is neutral, while red tape is negative and detrimental to the organization and its purposes (Bozeman and Scott 1996, Pandey and Scott 2002). For example, completing paperwork in order to acquire a contract or expand a budget is an example of formalization, while completing paperwork that serves no organizational or legal purpose but results in delay is red tape (Bozeman, Reed, and Scott 1992, Pandey and Bretschneider 1997, Pandey and Scott 2002). If respondents are involved with high levels of paperwork, they should be better qualified to distinguish between the amount of formalization they experience and the amount of red tape. While the questionnaire item employed provided a definition of red tape, distinguishing red tape from formalization does not ensure that the psychological construction of the two will be appropriately disentangled. Thus, we test for the effects of contracting experience on red tape perceptions.

**H<sub>5</sub>**: Private consultants with more experience working under government contracts will report lower perceptions of *contracting red tape*.

## Data and Study Design

This research uses data from a 2007 survey of Georgia Department of Transportation (GDOT) staff and a companion survey of private consultants who have contracted with the agency. A distinctive feature of this study is that it includes many questions common to both public managers and private consultants and thus allows comparison of perceptions and opinions.

The sample of agency staff included, after data cleaning and adjustment for incorrect addresses and retirements, 159 contacts. After a variety of request procedures, the survey yielded 95 responses (60 percent response rate). While this is a somewhat lower rate than received by some recent surveys of this same agency,<sup>3</sup> the response rate is somewhat better than average for general surveys of organizational employees (Kanuk and Berenson 1975). Typical of most state departments of transportation, the sample is overwhelmingly male and white. Mirroring the sampling frame, three-quarters of the respondents are male (77.9 percent), and 71 respondents are white and 13 are black.<sup>4</sup>

The consultant sample consisted of 176 individuals working at firms that contracted with the agency between 2003 and 2006, of which 96 responded, for a response rate of 54.5 percent. From the sample of consultants, 16 percent are female. The average size of the respondents’ companies is 103 employees, and the largest reported 700 Georgia employees. However, many of these companies are part of much larger worldwide companies. The typical firm was established in Georgia in 1983 and worldwide in 1948.

**GDOT context.** Because the study focuses on a single organization and its many contractors, it is important to understand a bit about the focal organization, its contracting milieu, and the political environment in which it operates (for more contextual detail, see Gen and Kingsley 2007, Lee and Kingsley 2005, from which this section draws extensively).<sup>5</sup> The GDOT contracting context does not differ greatly from other state government transportation agencies. Its mission is multifaceted and encompasses almost every aspect of transportation in Georgia, including some authority over ports and local airports. While the GDOT conducts safety projects (e.g., the Work Zone Safety Program) and environmental projects (e.g., the Wildflower Program), these represent a very small percentage of its budget. Most of its resources are allocated to designing, constructing, and maintaining highways and roads. Land transport programs include the Governor's Road Improvement Program and the State Transportation Improvement Program, both of which are aimed at preserving or extending the state's roads and highways.

As is the case with many state transportation agencies (Warne 2003), during the past two decades, the GDOT has outsourced more of its activity and has become a manager of engineering and construction rather than a performer. This change has not come without controversy. Many transportation agency officials have registered concerns about the ability to maintain quality control and technical capacity (Gen and Kingsley 2007). Nevertheless, privatization proceeds apace because of a combination of political pressures, agency turnover, and technical conditions of bond issuance favoring private providers.

A distinctive twist on more general developments in the "hollowing out" of agency capacity is the state of Georgia's recent elimination of the civil service merit system. At the same time, the state eliminated "revolving door rules" that had previously discouraged public officials from taking jobs with the firms they once had regulated or for whom they had managed contracts. Not surprisingly, this development led to an exodus of GDOT employees to the private sector, further undermining capacity and increasing both the demand for and supply of transportation consultants. For this and other reasons, the GDOT declined from approximately 10,000 employees in the early 1970s to fewer than 6,000 employees in 2005 (Lee and Kingsley 2005).

Almost all the large contracts managed by the GDOT are in connection with the State Transportation Improvement Program, a multiyear capital improvement transportation program that has \$9.46 billion in highway trust funds and state appropriations to spend on road reconstruction, rehabilitation, and new construction in fiscal years 2008 through 2011. Much of the related contracting activity is in the

GDOT's Office of Construction Design, an office that has increasingly recruited contract managers trained in business rather than engineering. Most contracts are bid competitively based on detailed requests for qualifications and requests for proposals. The GDOT employs a variety of contracting instruments, but the most common form of contract is fixed price with performance benchmarks. The majority of contracts are awarded to Georgia-based consulting engineering and construction firms. While the contractors compete, they also cooperate, often exchanging roles as contracting "primes" and "subs," and thus there is a good deal of information sharing, not only between the GDOT and specific contractors but also among the contractors themselves (Bozeman, Feeney, and Smith 2008). There is considerable variation in the management style of the GDOT contract managers, with some being "hands on" and others providing the contractors a good deal of autonomy (Bozeman, Feeney, and Smith 2008).

## Variables

**Red tape in organizations.** Both agency staff and consultants were asked about the perceived level of red tape in their organization. The consultant respondents were asked, "If red tape is defined as 'burdensome administrative rules and procedures that have negative impacts on the organization's effectiveness,' how would you assess the overall the level of red tape in your consulting firm?" The parallel question for GDOT respondents was identical except "in GDOT" was substituted for "your consulting firm." This is a 10-point scale item, ranging from 0 (almost no red tape) to 10 (great deal of red tape), which has been used in many different studies of red tape and proved stable and reliable. (See Pandey and Scott 2002 for an overview of the results of studies using this and related measures.)

**Red tape in contracting.** We asked both groups of respondents the identical item: "How would you assess the level of red tape in the contracting relationships between GDOT and private firms?" Response categories ranged from 0 (almost no red tape) to 10 (great deal of red tape).

**Extreme red tape perceptions.** Because we are interested in understanding why respondents would rank red tape as particularly high or low, we isolated extreme ratings from medium responses. We created four dummy variables that indicate extreme responses: (1) High Organizational Red Tape (ranking of 10, 9, and 8), (2) Low Organizational Red Tape (ranking of 0, 1, and 2), High Contracting Red Tape (ranking of 10, 9, and 8), and (4) Low Contracting Red Tape (ranking of 0, 1, and 2).

We use a dummy variable labeled Government Employee to test the first two hypotheses about variance in

red tape perceptions by sector. Government Employee is coded 1 if the respondent works for the government agency and 0 if the respondent is a private consultant.

To test the third hypothesis, we include a variable labeled *Communicating*, which is the self-reported percentage of time each week that the respondent spends communicating with the other party. The variable *Paperwork*, which tests the fourth hypothesis, is the self-reported percentage of time each week that the respondent dedicates to doing paperwork for contracts. Because we measure the percentage of time dedicated to paperwork and communication, we include a control for the percentage of time that each respondent spends doing technical work.<sup>6</sup> These measures are important because they control for activities that are often associated with administrative delay (Pandey and Bretschneider 1997, Pandey and Welch 2005).

To test the fifth hypothesis, we include the variable *Contracting Experience*, which is a self-reported variable indicating the number of years that the respondent has worked under government contracts. This variable is only included in the models for the consultant sample.

We include the following variables as controls for work environment, contract type, and individual characteristics: *GDOT Rules*, *Evenhanded Negotiations*, *Consultant Oversight*, *Job Satisfaction*, *Former GDOT Employee*, *%Cost-Plus*, *%Task Order*, *Gender*, *Education*, and *Membership in a professional association*. The variable labeled *GDOT Rules* is a scale indicating the level of agreement with the statement, “GDOT has an appropriate level of rules and procedures for consultants to follow” (response categories: scale 0, not enough rules, to 10, too many rules). This is an important control because, in comparison to reporting perceived levels of red tape (inappropriate rules), this measure captures perceptions of the appropriateness of rules and procedures.

The variable *Evenhanded Negotiations* indicates agreement with the statement “The consultant/GDOT has always been evenhanded in its negotiations with GDOT/my firm” (four-point Likert scale of agreement). Because contracting relationships are typically principal-agent relationships that rely on trust, repeated interactions, and information to reduce uncertainty, it is important to control for respondents’ belief that the other party is behaving appropriately and negotiating in good faith.

For the models restricted to the sample of government employees, we include three variables concerning work environment and time dedicated to managing contracts. First, the variable *Consultant Oversight* is the self-reported percentage of time each week

dedicated to overseeing consultants. The second variable, *Direct Communications with Consultants*, indicates the percentage of all direct communications (e.g., phone calls, e-mails, voice mails, and meetings) dedicated to consultants (compared to government employees, clients and customers, political officials, and the media). This variable controls for variance in red tape perceptions attributable to the proportion of work time dedicated to managing contracts. Third, we include the variable *Job Satisfaction* (four-point Likert scale). Our rationale for including job satisfaction as a control is that previous research (Moynihan and Pandey 2007) has shown some confounding of red tape perceptions based on the degree of respondent alienation or job satisfaction. In some cases, red tape assessment seems to be a crude response to an overall negative assessment of one’s organization and one’s role in the organization. Those who are disaffected may be more likely to perceive red tape.

As shown in recent research on sector switching (De Graaf and Van der Wal 2008, Feeney 2008) and in light of the reduction of revolving door restrictions in Georgia (Lee and Kingsley 2005), it has become easier and increasingly common for state employees and private consultants to switch between jobs in the private and public sectors. We include two control variables for sector switching. The variable *Worked in Private Sector* is coded 1 if the government respondent previously worked in the private sector and 0 if not. *Former Government Employee* is a dummy variable coded 1 if the private consultant respondent is a former GDOT employee. These variables control for previous work experience and institutional knowledge that sector switchers bring to their jobs.

We also control for the type of contracts with which the consultant works. We include two variables that indicate the percentage of the respondent’s work with GDOT that is dedicated to cost-plus contracts and task order contracts (the alternative being turnkey contracts and subcontracts). The variables *%Cost-Plus* and *%Task Order* indicate the percentage of the firm’s contracts that are cost-plus contracts and task order contracts, respectively. This is an important control because the level of constraints, rules, and procedures will vary with contract type. For example, one would expect additional rules, procedures, and reporting requirements for task order contracts, which do not specify a set quantity of services and require the issuance of orders for performance of tasks during the period of the contract, compared to cost-plus contracts, which guarantee full compensation plus expected profit to the consultant, regardless of expenses.

Finally, we include controls for gender (female = 1), education (1 = less than college, 2 = college degree, 3 = graduate or professional degree), and membership

in a professional association (member = 1). See that appendix for details about the variables.

Our analysis begins with a consideration of variance of public managers' and private consultants' perceptions of red tape in their respective organizations and contracting to test the first two hypotheses. Second, we select those respondents who have especially high and especially low perceptions of red tape and conduct an analysis on these outliers. It is important to do this because many of the responses clustered around the middle of the instrument, but there is interesting variation among those at the end of the scales. Third, using ordinary least squares (OLS) regression, we investigate the determinants of perceived organizational and contracting red tape for sets of respondents and control for individual career histories and experience working on contracts. Fourth, we use logistic regression to test determinants of extreme perceptions of organizational red tape and contracting red tape.

## Results

**Red tape in organizations.** Both agency staff and consultants were asked, "How would you assess the overall the level of red tape in your agency/consulting firm?" Not surprisingly, the ratings for perceived red tape in the agency are higher than those for consulting firms, with the modal red tape assessment for the agency being 7 (mean 6.7), near the "great deal of red tape" side of the scale, compared to a mode of 3 (near the "almost no red tape" side of the scale) for consulting firms (mean 4.3). A cross-tabulation comparing

government employee and consultant perceptions of organizational red tape indicates that there are significant differences between the two groups (Pearson  $\chi^2 = 41.091$ ,  $N = 182$ ,  $p < .0001$ , Somers' d value = 0.277, approximate  $t = 6.665$ ,  $p < .0001$ ). Government employees report significantly higher levels of red tape in their organization compared to private consultants' perceptions of red tape in their respective firms.

Next, we investigate extreme perceptions of organizational red tape. We used the two variables, High Organizational Red Tape and Low Organizational Red Tape, to compare government employee and consultant respondents with divergent views of red tape using analysis of variance (see table 1). When we compare extreme red tape ratings by sector, we find that there remain significant differences in organizational red tape perceptions between public managers and private consultants. Government employees are significantly more likely to report high organizational red tape ( $p < .001$ ) and private consultants are significantly more likely to report the lowest ranking of organizational red tape ( $p < .0001$ ). For example, 16 private consultants indicated that red tape in their organizations is extremely low, compared to only one government employee. Thirty-two government employees assigned a high red tape rating to their organization, compared to only 12 private consultants. Red tape perceptions between public managers and private consultants significantly differ when considering extreme red tape perceptions. Specifically, perceptions of extremely high and extremely low organizational red tape vary significantly between and within groups.

**Table 1** ANOVA of Extreme Red Tape Ratings, by Sector

Test of Homogeneity of Variances		Levene Statistic	df1	df2	Sig.
High organizational red tape		53.904	1	180	<b>0.000</b>
Low organizational red tape		93.712	1	180	<b>0.000</b>
High contracting red tape		0.063	1	176	0.802
Low contracting red tape		1.645	1	176	0.201

  

ANOVA		Sum of Squares	df	Mean Square	F	Sig.
High organizational red tape	Between groups	2.09	1	2.093	12.049	<b>0.001</b>
	Within groups	31.27	180	0.174		
	Total	33.36	181			
Welch Statistic: 12.14; Sig. 0.001						
Low organizational red tape	Between groups	1.27	1	1.267	16.128	<b>0.000</b>
	Within groups	14.14	180	0.079		
	Total	15.41	181			
Welch Statistic: 15.82; Sig. 0.000						
High contracting red tape	Between groups	0.00	1	0.004	0.016	0.900
	Within groups	41.26	176	0.234		
	Total	41.26	177			
Welch Statistic: 0.02; Sig. 0.900						
Low contracting red tape	Between groups	0.01	1	0.007	0.408	0.524
	Within groups	2.94	176	0.017		
	Total	2.95	177			
Welch Statistic: 0.40; Sig. 0.529						



In summary, we find support for hypothesis 1 and conclude that government employees perceive significantly higher levels of organizational red tape in the government agency compared to private managers' perceptions of red tape in private consulting firms. This finding is consistent with the empirical literature (Rainey, Pandey, and Bozeman 1995), which argues that government organizations tend to have stronger red tape tendencies owing to, among other factors, higher levels of external control and, related, accountability requirements.

**Red tape in contracting.** In response to the question, "How would you assess the level of red tape in the contracting relationships between GDOT and private firms?" we find that, on average, agency managers and consultants rank the level of red tape in contracting relationships as 6.7. Looking at government employee respondents alone, the median response is 6.5 (mode = 7), and for consultants, it is slightly lower at 6 (mode = 6). Overall, government respondents compared to consultants perceive somewhat higher levels of red tape in consulting relationships.<sup>7</sup> However, a cross-tabulation shows that these differences in perspective between government employees and consultants are not statistically significant (Pearson  $\chi^2 = 9.867$ ,  $N = 178$ , ns). In summary, in their assessments of red tape in contracting relationships, both agency respondents and consultants perceive medium to high levels of red tape in their contracting relationships with one another and their perceptions do not statistically significantly differ.

The test of variance in extreme views of contracting red tape using the variables High Contracting Red Tape and Low Contracting Red Tape indicates no

significant differences in extremely high and low ratings of contracting red tape between government employees and consultant respondents (see table 1). We fail to confirm hypothesis 2 and find no significant differences in consultant and government employee perceptions of contracting red tape.

**Determinants of perceived red tape.** We specify OLS models predicting the full organizational and contracting red tape scales and logit models predicting dummy variables indicating whether the respondent is located at one or the other tail of the distribution (e.g., 1 = high on contracting red tape scale, 0 = not). To reiterate, there is variance at the tails of the distribution for both the organizational and contracting red tape scales, and thus we consider a set of dummy variables aimed at separating those at the tails from median responses. We present the findings in order of the hypotheses and then discuss the specifications predicting extreme organizational and contracting red tape assessments.

Table 2 presents two OLS models predicting organizational and contracting red tape assessments for all respondents, both public managers and consultants. As expected, being a government employee is significantly and strongly associated with organizational red tape perceptions. Public managers are much more likely to perceive high levels of red tape in the organization but *not* in the contracting relationship. It is possible that the respondents, most of whom are intimately involved in contracting, may have more personal ownership and investment in contracting processes and thus are less likely to be self-critical. Being a government employee is the *only* variable that is significantly related to organizational red tape.

**Table 2** OLS Models for Organizational Red Tape and Contracting Red Tape Scales among All Respondents

GDOT and Consultants	Organizational Red Tape			Contracting Red Tape		
	Unstandardized Coefficients	Std. Error	Sig.	Unstandardized Coefficients	Std. Error	Sig.
Constant	2.011	1.414	0.157	4.336	1.194	0.000
Government employee	<b>2.455</b>	<b>0.526</b>	<b>0.000</b>	0.038	0.444	0.931
Female	0.359	0.507	0.480	0.512	0.427	0.233
Education	0.072	0.342	0.834	0.087	0.291	0.766
Professional association	-0.027	0.446	0.953	-0.133	0.376	0.724
GDOT has appropriate level of rules	0.168	0.102	0.101	<b>0.291</b>	<b>0.090</b>	<b>0.001</b>
Other is evenhanded in negotiations	0.180	0.265	0.499	0.155	0.224	0.490
Percentage of time doing paperwork for contracts	0.019	0.012	0.112	0.000	0.010	0.972
Percentage of time communicating with other party	0.011	0.011	0.317	<b>0.016</b>	<b>0.010</b>	<b>0.085</b>
Percentage of time doing technical work	0.010	0.009	0.289	-0.003	0.008	0.703
	<i>R</i>	0.470		<i>R</i>	0.348	
	<i>R</i> <sup>2</sup>	0.221		<i>R</i> <sup>2</sup>	0.121	
	Adjusted <i>R</i> <sup>2</sup>	0.174		Adjusted <i>R</i> <sup>2</sup>	0.067	
	Std. Error Est.	2.187		Std. Error Est.	1.845	

Second, we turn to the logit model predicting extreme views of organizational and contracting red tape. Table 5, the logit model for the entire sample, shows that being a public manager is associated with being an outlier at each end of the organizational red tape scale (but not the contracting red tape scale). Indeed, the log odds coefficient (exponentiated B) indicates that government employees are about seven times more likely to be in the tail of the high organizational red tape distribution. This is consistent with an examination of the raw data in that the responses of the consultants show less variance and cluster around the middle of the scale. The only other significant variable in the model is the item about the appropriate level of GDOT rules, reporting that the GDOT has too many rules is associated with perceptions of high red tape of both kinds. The OLS models and logit models provide support for hypothesis 1 and fail to support hypothesis 2. In both the descriptive analysis and in the models tested, public managers do indeed perceive higher levels of organizational red tape compared to private consultants. However, public managers and contractors have very similar views about contracting red tape. This finding is especially important inasmuch as the phenomenon in question is one in which they have at least some shared experience.

Next we turn to hypotheses 3 and 4, the “familiarity leads to red tape” assertions, which investigate the role of the amount of time spent communicating with one another and the amount of time dedicated to doing contracting paperwork. Table 2 indicates that those who spend a higher percentage of their time communicating with the other party are slightly more likely to perceive higher levels of contracting red tape.<sup>8</sup> Interestingly, when we look at the model predicting extreme perceptions of contracting red tape (table 5),

the percentage of time spent communicating with the other party is no longer significant. On the one hand, at a higher level of significance (.10), the aggregate model (table 2) shows a modest positive relationship between communication with the other party and perceived contracting red tape. In contrast, when we split the sample to assess communication patterns and red tape perceptions by sector (tables 3 and 4), the relationships are no longer significant for either organizational or contracting red tape. Given the entire set of findings, and the modest level of significance, it is prudent to say there is no support for the third hypothesis.

We find limited support for the fourth hypothesis (H4a and H4b) predicting that an increase in the amount of time each week dedicated to doing contract paperwork would be positively associated with red tape perceptions. The OLS models indicate no significant relationships between the percentage of time spent doing paperwork and red tape perceptions. There is a slightly significant positive relationship between the percentage of time spent doing paperwork for contracts and extreme perceptions of high organizational red tape. Similarly, there is a significant, negative relationship between time doing contracting paperwork and extremely low organizational red tape perceptions.

The final hypothesis states that private consultants with increased experience working under government contracts will report lower perceptions of contracting red tape. In order to test this hypothesis, we ran an OLS model for the consultant sample alone (table 4). We find that the number of years involved with government contracting is not significantly related to perceptions of organizational and contracting red

**Table 3** OLS Models for Organizational Red Tape and Contracting Red Tape Scales among Government Employees

GDOT Sample	Organizational Red Tape			Contracting Red Tape		
	Unstandardized Coefficients	Std. Error	Sig.	Unstandardized Coefficients	Std. Error	Sig.
Constant	4.783	1.310	0.001	4.895	1.274	0.000
Female	0.007	0.598	0.991	0.304	0.581	0.603
Education	0.155	0.452	0.733	-0.188	0.440	0.670
Professional association	0.267	0.456	0.561	0.159	0.444	0.722
GDOT has appropriate level of rules	0.014	0.155	0.930	0.125	0.151	0.411
Percentage of time doing paperwork for contracts	0.006	0.014	0.667	-0.008	0.014	0.580
Percentage of time communicating with contractors	0.009	0.015	0.535	0.016	0.015	0.292
Percentage of time consultant oversight	<b>-0.028</b>	<b>0.015</b>	<b>0.068</b>	-0.021	0.015	0.150
Job satisfaction	<b>0.618</b>	<b>0.265</b>	<b>0.023</b>	<b>0.602</b>	<b>0.258</b>	<b>0.023</b>
Direct communications with consultants	0.023	0.017	0.189	0.024	0.017	0.171
Worked in private sector	-0.127	0.449	0.778	-0.231	0.437	0.598
	<i>R</i>	0.413		<i>R</i>	0.445	
	<i>R</i> <sup>2</sup>	0.170		<i>R</i> <sup>2</sup>	0.198	
	Adjusted <i>R</i> <sup>2</sup>	0.038		Adjusted <i>R</i> <sup>2</sup>	0.071	
	Std. Error Est.	1.779		Std. Error Est.	1.730	

**Table 4** OLS Models for Organizational Red Tape and Contracting Red Tape Scales among Consultant Respondents

Consultant Sample	Organizational Red Tape			Contracting Red Tape		
	Unstandardized Coefficients	Std. Error	Sig.	Unstandardized Coefficients	Std. Error	Sig.
Constant	5.053	2.114	0.020	5.538	1.484	0.000
Female	0.615	1.018	0.549	0.561	0.716	0.437
Education	-0.467	0.593	0.435	-0.024	0.422	0.955
Professional Association	-0.387	1.033	0.710	-0.601	0.725	0.411
GDOT has appropriate level of rules	0.240	0.180	0.189	<b>0.346</b>	<b>0.127</b>	<b>0.008</b>
Percentage of time doing paperwork for contracts	0.013	0.018	0.470	-0.004	0.013	0.759
Percentage of time communicating with GDOT	-0.014	0.024	0.562	0.004	0.017	0.833
Former government employee	0.130	0.775	0.867	0.543	0.559	0.335
Years involved with GDOT contracting	0.018	0.044	0.682	0.027	0.032	0.393
Cost Plus Contracts (percent)	-0.010	0.013	0.464	-0.011	0.009	0.241
Task Order Contracts (percent)	-0.003	0.019	0.879	-0.006	0.013	0.660
	<i>R</i>	0.277		<i>R</i>	0.459	
	<i>R</i> <sup>2</sup>	0.077		<i>R</i> <sup>2</sup>	0.211	
	Adjusted <i>R</i> <sup>2</sup>	-0.091		Adjusted <i>R</i> <sup>2</sup>	0.065	
	Std. Error Est.	2.553		Std. Error Est.	1.792	

**Table 5** Logit Models for High and Low Red Tape Perceptions among All Respondents

	High Organization Red Tape		Low Organization Red Tape		High Contracting Red Tape		Low Contracting Red Tape	
	Exp(B)	Sig.	Exp(B)	Sig.	Exp(B)	Sig.	Exp(B)	Sig.
GDOT and Consultants								
Government employee	<b>7.539</b>	<b>0.001</b>	<b>0.033</b>	<b>0.016</b>	0.687	0.497	0.610	0.798
Female	1.265	0.669	0.487	0.521	1.055	0.915	0.000	0.998
Education	1.663	0.223	1.548	0.422	1.217	0.580	1.017	0.988
Professional Association	0.736	0.524	1.166	0.875	0.664	0.366	0.595	0.749
GDOT has appropriate level of rules	<b>1.241</b>	<b>0.096</b>	0.982	0.903	<b>1.497</b>	<b>0.001</b>	1.364	0.421
Has been evenhanded in negotiations	1.185	0.579	1.508	0.347	1.023	0.933	1.328	0.746
Percentage of time doing paperwork for contracts	<b>1.029</b>	<b>0.033</b>	<b>0.953</b>	<b>0.098</b>	0.989	0.376	0.965	0.581
Percentage of time communicating with other party	0.996	0.774	0.954	0.151	1.013	0.256	0.973	0.659
Percentage of time doing technical work	1.014	0.174	0.975	0.115	0.988	0.210	1.002	0.938
Constant	0.003	0.001	0.582	0.822	0.073	0.078	0.006	0.277
	Chi <sup>2</sup>	21.774		22.571		18.308		3.288
	Sig.	0.000		0.007		0.032		0.952
	-2 LL	154.817		76.594		186.260		26.400
	Cox & Snell <i>R</i> <sup>2</sup>	0.129		0.133		0.110		0.021
	Nagelkerke <i>R</i> <sup>2</sup>	0.191		0.286		0.151		0.120

tape. However, the hypothesis receives some modest support from the model predicting extreme perceptions of red tape. In the logit analysis, those consultants with more time (stated in years) working under GDOT contracts are somewhat more likely to be in the “low organizational red tape” group. In addition to the models for aggregate perceptions of red tape, we also investigated red tape perceptions by sector. It should be noted that while most of the variables for the two respondent groups are either identical or parallel, a few variables apply only to one or the other of these groups.<sup>9</sup> We conclude with a discussion of the

determinants of red tape perceptions for government employees and consultants.

First, the model for government employees includes controls for the amount of time spent overseeing consultants, job satisfaction, and work experience in the private sector. We find that more time spent managing consultants is *negatively* associated with organizational red tape. Government employees who spend a greater amount of their time in consultant oversight perceive *less* agency red tape. Furthermore, for public managers (table 6), those who spend a higher percentage of their

**Table 6** Logit: High and Low Red Tape Perceptions among Government Employees

Government Employee Sample	High Organization Red Tape		Low Organization Red Tape		High Contracting Red Tape		Low Contracting Red Tape	
	Exp(B)	Sig.	Exp(B)	Sig.	Exp(B)	Sig.	Exp(B)	Sig.
Female	0.529	0.449	Failed		1.404	0.646	Failed	
Education	0.986	0.982			1.168	0.795		
Professional Association	1.028	0.963			0.877	0.828		
GDOT has appropriate level of rules	0.981	0.922			1.011	0.955		
Percentage of time doing paperwork for contracts	1.020	0.262			0.976	0.215		
Percentage of time communicating with contractors	0.999	0.949			0.988	0.547		
Percentage of time consultant oversight	<b>0.959</b>	<b>0.072</b>			0.979	0.285		
Job satisfaction	<b>2.001</b>	<b>0.047</b>			<b>2.026</b>	<b>0.039</b>		
Direct communications with consultants	1.039	0.107			<b>1.051</b>	<b>0.032</b>		
Worked in private sector	0.826	0.744			0.525	0.281		
Constant	0.142	0.260			0.092	0.157		
	Chi <sup>2</sup>	13.831				12.876		
	Sig.	0.181				0.231		
	-2 LL	82.114				83.069		
	Cox & Snell R <sup>2</sup>	0.170				0.160		
	Nagelkerke R <sup>2</sup>	0.235				0.220		

\*Failed models: Estimation terminated at iteration number 20 because maximum iterations had been reached. Final solution not found.

time in consulting oversight are somewhat less likely to be in the “high organizational red tape” group.

Second, government employees who are less satisfied with their job (reverse scored) perceive higher levels of organizational and contracting red tape. Specifically, those with lower levels of job satisfaction are twice as likely to be in the “high red tape” group for both organizational and contracting red tape. We cannot know from these data whether the higher level of perceived red tape contributes to the lower satisfaction or whether less satisfied people perceive more red tape. However, previous research suggests that the causal arrow may be in different directions for different persons (e.g., DeHart-Davis 2007). Finally, while the percentage of time communicating with consultants is not related to perceptions of organizational red tape, there is about a 5 percent increased likelihood of being in the “high contracting red tape” outlier group among government employees who report that a high level of their communications are directed toward contractors.

The OLS and logit results for the consultant group, which include controls for contract type and whether the respondent formerly worked as a GDOT employee, are provided in tables 4 and 7, respectively. Considering the red tape assessments of the consultant respondents (table 4), we see

This research contributes to the red tape literature by moving beyond the unitary organizational perspective to empirically test red tape perceptions in interorganizational relationships.

that neither organizational nor contracting red tape is well accounted for by the variables in the model. Only one variable, the measure indicating whether the GDOT has an appropriate level of rules, is significant, and only for contracting red tape ( $p < .008$ ). Consultants who feel that the GDOT has an appropriate level of rules are less likely to perceive contracting red tape (presumably, more rules translates into higher perceptions of red tape). In all likelihood, this lack of results is attributable to compression in the scale, most consultants’ responses tended to be near the middle of the respective scales. One approach to further examination is to consider the outliers. As demonstrated in table 7, being in the high organizational red tape group is associated with perceptions that the GDOT has too many rules.

### Conclusion

This research gives us some insight into two views of red tape. First, we see red tape from the perspective of one’s workplace (Kaufman 1977, Merton 1940), and second, we see red tape as a system-level variable (Gore 1993) as people in separate organizations encounter red tape in their mutual relationships. This research contributes to the red tape literature by moving beyond the unitary organizational perspective to empirically test red tape perceptions in interorganizational relationships.

**Table 7** Logit: High and Low Red Tape Perceptions among Consultant Respondents

Consultant Sample	High Organization Red Tape		Low Organization Red Tape		High Contracting Red Tape		Low Contracting Red Tape	
	Exp(B)	Sig.	Exp(B)	Sig.	Exp(B)	Sig.	Exp(B)	Sig.
Female	4.567	0.163	1.858	0.639	0.860	0.891	Failed	
Education	3.441	0.161	1.898	0.434	1.231	0.757		
Professional Association	0.469	0.516	1.654	0.740	0.387	0.398		
GDOT has appropriate level of rules	<b>1.514</b>	<b>0.081</b>	0.770	0.308	<b>2.043</b>	<b>0.002</b>		
Percentage of time doing paper-work for contracts	1.019	0.417	0.983	0.565	0.995	0.790		
Percentage of time communicating with GDOT	0.929	0.205	0.971	0.554	1.015	0.559		
Former government employee	0.697	0.712	0.606	0.682	2.488	0.243		
Years involved with GDOT contracting	1.007	0.907	<b>1.116</b>	<b>0.064</b>	1.044	0.364		
Cost-Plus Contracts (percent)	0.992	0.607	0.997	0.845	<b>0.976</b>	<b>0.094</b>		
Task Order Contracts (percent)	1.014	0.531	1.007	0.791	1.029	0.177		
Constant	0.002	0.062	0.034	0.311	0.007	0.045		
	Chi <sup>2</sup>	12.188		8.963		25.425		
	Sig.	0.273		0.536		0.005		
	-2 LL	43.955		39.789		60.185		
	Cox & Snell R <sup>2</sup>	0.169		0.127		0.324		
	Nagelkerke R <sup>2</sup>	0.294		0.243		0.442		

Perhaps the most important finding from this study is that the members of stakeholder organizations and of the state agency have quite similar perceptions about red tape in contracting. Compared to private consultants, the government managers perceive significantly higher levels of red tape in their organization but not in their contracting relationships. Because this is perhaps the first study comparing a focal organization and its stakeholders, the convergence in contracting red tape perceptions is particularly noteworthy. This seems to imply, at least in this instance, that there is considerable shared meaning and shared response to the perceptual object (red tape) to which the respective respondents are reacting. If “where you stand depends on where you sit,” then these respondents are not sitting so very far from one another.

Because red tape associated with the contracting relationship is ordinary red tape for government respondents and external control red tape for consultants, the convergence of these perceptions is particularly important. It is possible that this convergence is an accurate depiction of contracting red tape from both perspectives. On the other hand, it is possible that private consultants, though working in organizations with low perceived red tape, expect high levels of red tape in their interactions with government agencies and thus are well prepared to deal with that red tape. A third explanation is that because the GDOT is the bread and butter for many transportation consulting firms, these consultant respondents see contracting red tape as a part of the job. This argument asserts that consultants expect and deal with contracting red tape as one of the transaction costs associated with their work. An alternative hypothesis is that because

this study focuses on technical contracts in which agency managers and consultants share similar levels of education, training, and professional standards, the convergence of red tape perceptions is the outcome of the particular characteristics of this sample.<sup>10</sup> This study sample is too small and the scope of the analysis is too narrow to provide definitive findings on contracting red tape. Future red tape research should compare stakeholder red tape across multiple organizations with diverse stakeholders and model the effects of professional training on red tape perceptions.

Finally, given the long-term relationships that many consultants have with the GDOT and their repeated interactions on contracts, it is probable that consultants have learned coping mechanisms for dealing with government red tape, and this experience may diminish perceptions of high levels of red tape in the transactions. The fact that the time working with one another has some impact on perceptions is quite consistent with much of the contracting literature dealing with the role of trust and familiarity (e.g., Boyne 1998, Lorenz 1999). But we cannot conclude that time working with one another is equivalent to trust, only that it is likely to enhance the equivalency of experiences and perceptions. Sorting out the role of trust from shared experience remains a daunting task.

An important next step in this research will entail going beyond the practical limitations posed by reliance on questionnaires. First, this study is too small in scope to provide convincing propositions about the ultimate impacts of contracting on red tape. Second, our analysis compares a set of public managers

and a set of contractors who work with their agency. But there is no direct correspondence between particular managers and the particular contractors they manage. While it is theoretically possible to examine such relationships by questionnaires, it seems likely that other approaches (e.g., interviewing, network studies) would provide more detailed insights that would compliment the broad findings presented here. Another useful avenue for research would be to systematically compare red tape encountered in contracting to other organizational functions. Does the necessary fact that two or more organizations are parties to formal contracts present greater problems for red tape? Or does the characteristic intensity of public agency–environmental transactions affect red tape, regardless of the formality of the relationship or the inherent principal–agent aspects of contracts?

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## Notes

1. Emphasis and bracketed material is attributable to the authors. In later work, the basic idea of stakeholder red tape, the notion of variant interests and perspectives, is examined in connection with individuals as well as groups.
2. It is not an accident that organizational researchers concerned with the symmetry and asymmetry of perceptions, even those studying networks, tend to confine their studies to dyads (e.g., Podolny and Page 1998). Focusing on interacting dyads, one can more easily assume that they are responding to shared phenomena, even if they are responding to different perceptions.
3. The fact that the rate is lower than earlier surveys at the GDOT is not surprising, as de facto panel surveys almost always have diminishing returns because of respondent fatigue and a lack of novelty with increased exposure to surveys. Furthermore, this second survey eliminated general GDOT staff and focused on engineers and high-level managers working with consultants, a population that is less likely to respond to surveys because of opportunity costs and less time available to dedicate to completing the questionnaire.
4. Other racial groups are in such trace amounts that in order to ensure confidentiality, we do not provide a number or percentage.
5. These observations about context also draw from personal interviews with GDOT employees and consultants conducted by Bozeman, Feeney, and project associate Craig Smith (2008).
6. Participants responded to four items about the percentage of time each week dedicated to various tasks, including doing paperwork, communicating with contractors or the GDOT, doing technical work, and doing other tasks. The four items are slightly correlated. The variables %Time Communicating and %Time Doing Paperwork, which are used to test the hypotheses, are not significantly correlated with one another. The third variable, %Time Doing Technical Work, is significantly correlated with the percentage of time spent communicating with the other party ( $-.409^{**}$ ) and doing paperwork ( $-.392^{**}$ ). The remaining category indicating %Time Doing Other Tasks is significantly negatively correlated with %Time Communicating ( $-.535^{**}$ ), %Time Doing Paperwork ( $-.281^{**}$ ), and %Time Doing Technical Work ( $-.605^{**}$ ).
7. The interpretation of these assessments is not entirely straightforward. One possibility is that consultant respondents are, because of confidentiality concerns, somewhat reluctant to report high levels in order to maintain future positive working relationships. More likely, the GDOT employees have a broader and more intense exposure to rules and procedures and are affected by them more regularly. If so, the issue might be more salient to them, and thus the assessment might diverge on this account.
8. For consultants, we measure the reported percentage of time communicating with GDOT. For GDOT managers, we measure the percentage of time communicating with consultants.
9. Given previous experience surveying public managers, because we expected higher response rates and from public managers, we included more items in the questionnaire sent to public managers compared to the shorter questionnaire sent to consultants working in private firms.
10. All respondents are transportation engineers. Many of the respondents have similar education levels (64 percent have bachelor's degrees), belong to professional associations (62 percent), and have worked across both sectors. For example, 22 percent of consultants are former GDOT employees and 41 percent of GDOT respondents have worked in the private sector.

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- Government Employees: range 0–10, mean 6.837, median 7, mode 7, standard deviation 1.835,  $N = 95$
- Consultants: Range 0–10, mean 6.686, median 6.5, mode 6, standard deviation 1.996,  $N = 96$

**GDOT has an appropriate level of rules and procedures for consultants to follow:** Range 0–10: 0 = not enough rules, 10 = too many rules; mean 5.78, median 6, mode 5, standard deviation 1.78,  $N = 191$

**Consultant X has always been evenhanded in its negotiations with GDOT/GDOT has always been evenhanded in its negotiations with my consulting firm:** Strongly agree: 53, somewhat agree: 95, somewhat disagree: 27, strongly disagree: 4, total: 179

**Please indicate the percent of your typical work week that is dedicated to the following tasks:**

- Percentage of time doing paperwork for contracts: Range 0–100, mean 15.67, median 10, standard deviation 18.13
- Percentage of time communicating with GDOT/consultants: Mean 19.57, median 10, standard deviation 18.64
- Percentage of time doing technical work: Mean 45.92, median 40, standard deviation 30.10
- Percentage of time doing other work: Mean 46.269, median 45, standard deviation 27.07,  $N = 191$

**What is your gender?** Female: 33, 17.98%, Valid  $N = 184$ ,  $N = 191$

**Education:** Less than college: 11, College: 120, Graduate or professional degree: 56,  $N = 191$

**Do you belong to a professional association?** Yes: 111, Total: 180; Consultants Yes: 80, GDOT Yes: 31

**Worked in Private Sector:** Have you ever worked in the private sector in a managerial or professional job? Yes: 39,  $N = 95$

**Consultant Oversight:** Please indicate the percentage of your typical work week that is dedicated to the oversight of consultants: Range 0–100, mean 23.74, median 20, mode 10, standard deviation 20.79,  $N = 95$

**Job Satisfaction:** I am highly satisfied with my job (strongly agree = 1, strongly disagree = 4): strongly agree = 24, somewhat agree = 50, somewhat disagree = 16, strongly disagree = 4,  $N = 95$

**Direct Communication with Consultants:** Please indicate the percentage of your direct communications (e.g., phone calls, e-mails, voice mails, and meetings) that are dedicated to the following individuals, in a

## Appendix: Survey Items and Descriptive Statistics

### How would you assess the level of red tape in your organizations?

- Government Employees: Range 0–10, mean 6.696, median 7, mode 7, standard deviation 1.784,  $N = 95$
- Consultants: Range 0–10, mean 4.667, median 4, mode 3, standard deviation 2.477,  $N = 96$

### How would you assess the level of red tape in the contracting relationships between GDOT and private firms?



typical work week. Range 0–100, mean 22.6, median 20, standard deviation 16.4,  $N = 95$

**Former Government Employee:** Have you ever been an employee (as opposed to a consultant) at GDOT? Yes: 21, Missing 3,  $N = 96$

**Years involved with GDOT Contracting:** How long have you been involved with GDOT contracting? (number of years): Range 0–34, mean 12, median 10, mode 8, standard deviation 8,  $N = 96$

**Contract Type:** Please estimate the percentage of your GDOT work that is under each of the following contract types: (Range 0–100)

Cost-Plus Contracts: Mean 53.15, standard deviation 29.7

Task Order Contracts: Mean 25.13, standard deviation 21.97

Turnkey Contracts: Mean 22.20, standard deviation 20.71

Subcontracts to other Prime Contractors: Mean 26.60, standard deviation 23.81,  $N = 96$

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