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**GOVERNMENT REINVENTION AND  
ORGANIZATIONAL EFFECTIVENESS:  
*A CASE STUDY OF THE LOCAL GOVERNMENT  
IN THE UNITED STATES***

**By**

**Fang Zhiyuan**

**A Dissertation Submitted in Partial  
Fulfillment of the Requirements for the Degree of  
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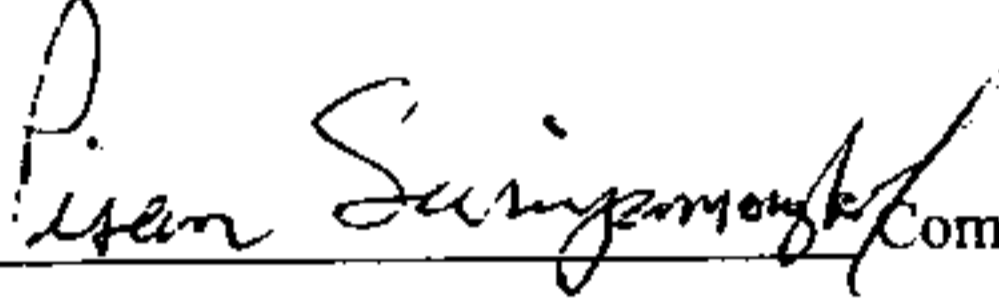
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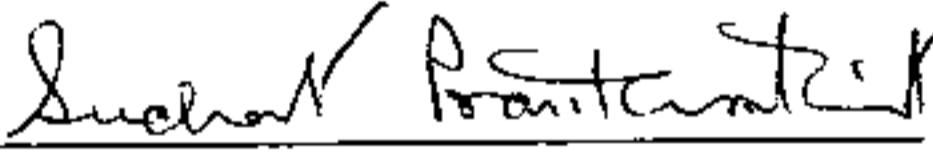
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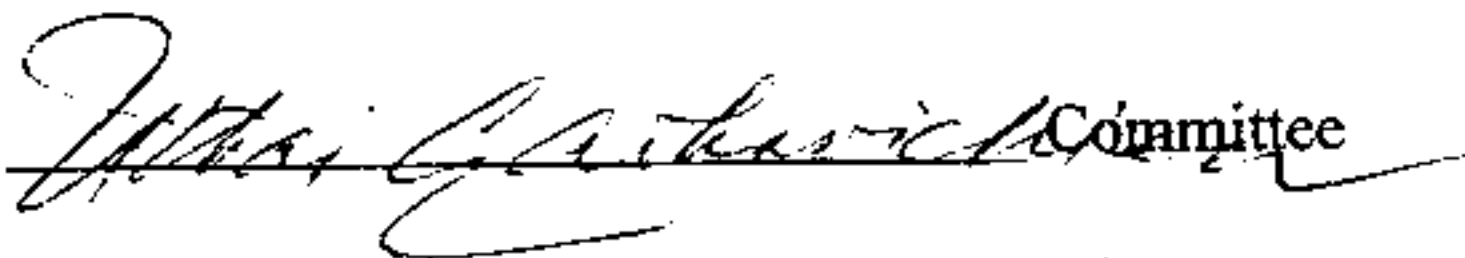
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**ABSTRACT**

**Title of Dissertation** : Government Reinvention and Organizational Effectiveness: A Case Study of the Local Government in the United States

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This study employs Osborne and Gaebler's reinvention of government model as a basic framework to examine and analyze public administration at the local government level in the United States. Under the administrative values of the reinvention integrated model, the effects of entrepreneurialism, customer orientation, decentralization, sense of mission, measured result, and marketization & competition, are examined. The study attempts to develop the ideas for discussing the relationship between organizational effectiveness and the government reinvention approach which had its origins in 1993. This paper will discuss how each of these factors affected the implementation of organizational performance by using quantitative and qualitative approaches. Reinventing government activities in state governments and local governments will serve as the primary case studies and survey objects for this report.

In this study some propositions of government reinvention regarding administrative reform and organizational effectiveness in the United States have

been tested through the use of empirical survey techniques as well as qualitative and quantitative analysis. When the data generated by a comparative case analysis is examined, the preliminary hypotheses do prove that the approach of reinventing government is essential for the improvement of organizational effectiveness. The government reinvention scheme conducted by local government across the United States today is examined and the evidence points to the fact that a revolution in the arena of contemporary American public administration is indeed occurring.

The study eventually concludes that the efforts of reinvention in administrative reforms programs all over the world will play a role as the main proponent of organizational effectiveness thereby shifting economic and social development during the 21st century. Meanwhile, the reinvention movement in the United States will be a great empowering force in pushing the US government to be more democratic, entrepreneurial, specific in its focus and a dynamic catalyst in the delivery of public services.

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## **DEDICATION**

To my wife, Chen Shasha, and my son, Fang Zhou, for gracefully easing my responsibilities and understanding my endeavor at all the junctures along the way. And to my parents, for inspiring me to pursue my life ideal.

## TABLE OF CONTENTS

|  | <b>Page</b> |
|--|-------------|
| <b><u>ABSTRACT</u></b>   | iii         |
| <b>ACKNOWLEDGEMENTS</b>  | v           |
| <b>TABLE OF CONTENTS</b>   | viii        |
| <b>LIST OF TABLES</b>  | xxi         |
| <b>LIST OF FIGURES</b>   | xxiv        |
| <b>LIST OF ACRONYMS</b>  | xxvi        |
| <b>LIST OF APPENDICES</b>  | xxvii       |
| <b>CHAPTER</b>   |             |
| <b><u>CHAPTER 1</u> Introduction</b>                               | 1           |
| 1.1 Significance of Government Reinvention                         | 2           |
| 1.2 Statements of the Research Problems                            | 5           |
| 1.3 Objectives of the Study  | 10          |
| <b><u>CHAPTER 2</u> Review of Government Reinvention</b>           | 15          |
| 2.1 Definition of Reinventing Government                           | 15          |
| 2.2 Characteristics of Reinventing Government                      | 16          |
| 2.3 Definition of Organizational Effectiveness                     | 19          |
| 2.4 Government Reinvention in Local Government<br>of United States | 20          |
| 2.5 Toward Establishing an Elaborated Model                        | 30          |

**TABLE OF CONTENTS (Continued)**

|   | <b>Page</b> |
|---|-------------|
| 2.5.1 Marketization & Competition and<br>Organizational Effectiveness   | 31          |
| 2.5.2 Measured Results and Organizational<br>Effectiveness  | 34          |
| 2.5.3 Sense of Mission and Organizational<br>Effectiveness  | 35          |
| 2.5.4 Customer Orientation and Organizational<br>Effectiveness  | 36          |
| 2.5.5 Entrepreneurialism and Organizational<br>Effectiveness  | 37          |
| 2.5.6 Decentralization and Organizational<br>Effectiveness  | 38          |
| 2.6 Exhibit Cases of Government Reinvention in<br>Local Government of United States                                   | 40          |
| 2.6.1 Case 1 Marketization and Competition:<br>Competition and Costing: Competitive<br>Bidding, Indianapolis, Indiana | 41          |

**TABLE OF CONTENTS (Continued)**

|   | <b>Page</b> |
|---|-------------|
| 2.6.2 Case 2 Marketization and Competition:<br>Southwest Florida Water Management<br>District Supervisory Control and Data<br>Acquisition Outreach Program, Florida | 42          |
| 2.6.3 Case 3 Sense of Mission: Management by<br>Unreasonable Objectives,<br>City of Dayton, Ohio  | 43          |
| 2.6.4 Case 4 Sense of Mission: Orange County<br>Fleet Management Productivity Improvement<br>Plan, Orange City, Florida   | 44          |
| 2.6.5 Case 5 Measured Results: Process<br>Improvement Initiative, State of Arizona  | 45          |
| 2.6.6 Case 6 Measured Results: Recreating Public<br>Education for Results, Department of<br>Education, Commonwealth of Kentucky                                     | 46          |
| 2.6.7 Case 7 Customer Orientation: Window on<br>State Government (BBS), State of Texas  | 47          |
| 2.6.8 Case 8 Customer Orientation: General Relief<br>Interagency Project (GRIP), Ventura<br>County, California  | 49          |

**TABLE OF CONTENTS (Continued)**

|   | <b>Page</b> |
|---|-------------|
| 2.6.9 Case 9 Entrepreneurialism: New York State Partnership For Long Term Care, State of New York | 50          |
| 2.6.10 Case 10 Entrepreneurialism: Bulk Lien Sale Initiative, Jersey City, New Jersey             | 51          |
| 2.6.11 Case 11 Decentralization: Washington Personnel Programs, State of Washington               | 52          |
| 2.6.12 Case 12 Decentralization: Interagency Coordination, Houston, Texas                         | 53          |
| <b><u>CHAPTER 3</u> Theoretical Framework and Hypotheses</b>                                      | <b>57</b>   |
| 3.1 Structure of the Study  | 57          |
| 3.2 Variables for the Analysis  | 57          |
| 3.2.1 Independent Variables   | 58          |
| 3.2.2 Dependent Variables   | 62          |
| 3.3 Proposed Model for Analysis   | 64          |
| 3.4 Hypotheses of Government Reinvention for Testing  | 66          |
| <b><u>CHAPTER 4</u> Research Methodology</b>  | <b>68</b>   |
| 4.1 Data Collection   | 68          |
| 4.2 Survey Methods  | 69          |
| 4.3 The Survey Instrument   | 71          |

**TABLE OF CONTENTS (Continued)**

|  | <b>Page</b> |
|--|-------------|
| 4.4 Mailing and Response Rate  | 74          |
| 4.5 Measurement of Reinvention Approach Variables  | 75          |
| 4.6 Measurement of Organizational Effectiveness<br>Characteristics                                 | 78          |
| 4.7 Method of Analysis   | 79          |
| 4.8 Limitation of Survey research  | 81          |
| 4.9 Overcoming the Limitation of Survey Methodology  | 84          |
| 4.10 Limitation of This Study  | 85          |
| 4.11 Analysis of Evidence  | 86          |
| 4.11.1 Multiple Regression   | 86          |
| 4.11.2 Path Analysis   | 87          |
| 4.11.3 Content Analysis  | 88          |
| 4.12 Reliability and Validity of the Measurement   | 90          |
| <b><u>CHAPTER 5 Data Analysis</u></b>  | <b>95</b>   |
| 5.1 Data Description   | 95          |
| 5.2 Description for Government Reinvention Factors   | 103         |
| 5.3 Description for Organizational Effectiveness Factors   | 111         |
| 5.4 Correlation Between Government Reinvention<br>Factors and Organizational Effectiveness Factors | 114         |



**TABLE OF CONTENTS (Continued)**

|  | <b>Page</b> |
|--|-------------|
| 6.2.1.2 Customer Orientation   | 141         |
| 6.2.1.3 Decentralization   | 141         |
| 6.2.1.4 Sense of Mission   | 142         |
| 6.2.1.5 Measured Results   | 142         |
| 6.2.1.6 Marketization & Competition  | 143         |
| 6.2.2 The Other Five Reinvention Factors’<br>Indirect Impact on Organizational<br>Effectiveness through Entrepreneurialism | 143         |
| 6.2.2.1 Indirect Impact of Marketization &<br>Competition through<br>Entrepreneurialism                                    | 145         |
| 6.2.2.2 Indirect Impact of Decentralization<br>through Entrepreneurialism  | 145         |
| 6.2.2.3 Indirect Impact of Sense of Mission<br>through Entrepreneurialism  | 146         |
| 6.2.2.4 Indirect Impact of Measured Results<br>through Entrepreneurialism  | 146         |
| 6.2.2.5 Indirect Impact of Customer<br>Orientation through<br>Entrepreneurialism   | 147         |

**TABLE OF CONTENTS (Continued)**

|  | <b>Page</b> |
|--|-------------|
| 6.2.3 The Other Five Reinvention Factors’<br>Indirect Impact on Organizational<br>Effectiveness through Customer Orientation | 148         |
| 6.2.3.1 Indirect Impact of Marketization &<br>Competition through Customer<br>Orientation                                    | 148         |
| 6.2.3.2 Indirect Impact of Entrepreneurialism<br>through Customer Orientation  | 148         |
| 6.2.3.3 Indirect Impact of Decentralization<br>through Customer Orientation  | 149         |
| 6.2.3.4 Indirect Impact of Sense of Mission<br>through Customer Orientation  | 150         |
| 6.2.3.5 Indirect Impact of Measured Results<br>through Customer Orientation  | 150         |
| 6.2.4 The Other Five Reinvention Factors’<br>Indirect Impact on Organizational<br>Effectiveness through Decentralization     | 152         |
| 6.2.4.1 Indirect Impact of Marketization&<br>Competition through<br>Decentralization   | 152         |

**TABLE OF CONTENTS (Continued)**

|  | <b>Page</b> |
|--|-------------|
| 6.2.4.2 Indirect Impact of Entrepreneurialism<br>through Decentralization  | 153         |
| 6.2.4.3 Indirect Impact of Customer<br>Orientation through<br>Decentralization   | 153         |
| 6.2.4.4 Indirect Impact of Sense of Mission<br>through Decentralization  | 153         |
| 6.2.4.5 Indirect Impact of Measured Results<br>through Decentralization  | 154         |
| 6.2.5 The Other Five Reinvention Factors'<br>Indirect Impact on Organizational<br>Effectiveness through Sense of Mission | 155         |
| 6.2.5.1 Indirect Impact of Marketization &<br>Competition through Sense<br>of Mission                                    | 155         |
| 6.2.5.2 Indirect Impact of Entrepreneurialism<br>through Sense of Mission  | 156         |
| 6.2.5.3 Indirect Impact of Decentralization<br>through Sense of Mission  | 156         |

**TABLE OF CONTENTS (Continued)**

|  | <b>Page</b> |
|--|-------------|
| 6.2.5.4 Indirect Impact of Customer Orientation<br>through Sense of Mission  | 157         |
| 6.2.5.5 Indirect Impact of Measured Results<br>through Sense of Mission  | 157         |
| 2.2.6 The Other Five Reinvention Factors'<br>Indirect Impact on Organizational<br>Effectiveness through Measured Results | 158         |
| 6.2.6.1 Indirect Impact of Marketization &<br>Competition through Measured<br>Results                                    | 158         |
| 6.2.6.2 Indirect Impact of Entrepreneurialism<br>through Measured Results  | 159         |
| 6.2.6.3 Indirect Impact of Decentralization<br>through Measured Results  | 159         |
| 6.2.6.4 Indirect Impact of Sense of Mission<br>through Measured Results  | 159         |
| 6.2.6.5 Indirect Impact of Customer<br>Orientation through Measured Results  | 160         |
| 6.3 Interpretation of Findings   | 162         |

**TABLE OF CONTENTS (Continued)**

|   | <b>Page</b> |
|---|-------------|
| 6.3.1 Entrepreneurialism  | 165         |
| 6.3.1.1 Entrepreneurialism's Impact on<br>Organizational Effectiveness                                  | 166         |
| 6.3.1.2 Entrepreneurialism's Impact through<br>Customer Orientation on<br>Organizational Effectiveness  | 167         |
| 6.3.2 Customer Orientation  | 169         |
| 6.3.2.1 Customer Orientation's Impact on<br>Organizational Effectiveness                                | 169         |
| 6.3.2.2 How Does Customer Orientation's<br>Impact through on Organizational<br>Effectiveness            | 170         |
| 6.3.3 Decentralization  | 171         |
| 6.3.3.1 Decentralization's Impact on<br>Organizational Effectiveness                                    | 171         |
| 6.3.3.2 Decentralization's Impact through<br>the Other Three Factors on<br>Organizational Effectiveness | 172         |
| 6.3.4 Sense of Mission  | 174         |

**TABLE OF CONTENTS (Continued)**

|   | <b>Page</b> |
|---|-------------|
| 6.3.4.1 Sense of Mission's Impact on<br>Organizational Effectiveness  | 174         |
| 6.3.4.2 Sense of Mission's Impact through<br>Customer Orientation on<br>Organizational Effectiveness              | 175         |
| 6.3.5 Measured Results  | 176         |
| 6.3.5.1 Measured Results' Impact on<br>Organizational Effectiveness<br>through the Other Four Factors             | 176         |
| 6.3.5.2 How Does Measured Results' Impact<br>on Organizational Effectiveness                                      | 178         |
| 6.3.6 Marketization & Competition   | 179         |
| 6.3.6.1 Marketization & Competition's Impact<br>on Organizational Effectiveness<br>through the Other Four Factors | 179         |
| 6.3.6.2 How Does Marketization &<br>Competition's Impact on<br>Organizational Effectiveness                       | 181         |
| <b><u>CHAPTER 7</u> Summary, Conclusions and Recommendations</b>  | <b>184</b>  |
| 7.1 Summary and Conclusions   | 184         |

## TABLE OF CONTENTS (Continued)

|  | <b>Page</b>        |
|--|--------------------|
| 7.1.1 The Successful Results in Government<br>Reinvention Practices  | 184                |
| 7.1.2 Summary of the Research Findings<br>and Analysis   | 186                |
| 7.2 Policy Implications and Recommendations<br>for Government Reinvention  | 192                |
| 7.2.1 Policy Implications  | 192                |
| 7.2.2 Some Significant Implications for the<br>Chinese Administrative Reform   | 196                |
| 7.2.3 Policy Recommendations   | 201                |
| 7.3 Recommendations for Future Research  | 202                |
| <b><u>BIBLIOGRAPHY</u></b>   | <b>204</b>         |
| <b><u>APPENDIX A</u> Measures and Operationalizations of Reinvention<br/>and Organizational Effectiveness Scales</b> | ap-1<br><b>225</b> |
| <b><u>APPENDIX B</u> Questionnaire</b>   | q<br><b>231</b>    |
| <b><u>APPENDIX C</u> Coding of Questionnaire for Reinventing<br/>Government and Organizational Effectiveness</b>     | <b>236</b>         |
| <b><u>APPENDIX D</u> Results of Reliability Analysis</b>   | ap-2<br><b>241</b> |
| <b><u>APPENDIX E</u> Descriptive Statistics for Independent<br/>and Dependent Variables</b>                          | <b>246</b>         |

**TABLE OF CONTENTS (Continued)**

|   | <b>Page</b> |
|---|-------------|
| <b>APPENDIX F Results of Multiple Regression Analysis</b> | <b>250</b>  |
| <b><u>BIOGRAPHY</u></b>                                   | <b>261</b>  |

## LIST OF TABLES

| <b>Tables</b>  | <b>Page</b> |
|--|-------------|
| 3.1 Operational Definitions of Organizational Effectiveness  | 63          |
| 4.1 Reliability of Marketization & Competition Measurement   | 90          |
| 4.2 Reliability of Sense of Mission Measurement  | 91          |
| 4.3 Reliability of Measured Results Measurement  | 92          |
| 4.4 Reliability of Customer Orientation Measurement  | 92          |
| 4.5 Reliability of Decentralization Measurement  | 93          |
| 4.6 Reliability of Entrepreneurialism Measurement  | 93          |
| 4.7 Reliability of Organizational Effectiveness Measurement  | 94          |
| 5.1 Respondents' Organization  | 96          |
| 5.2 Respondents' States  | 96          |
| 5.3 The Relationship between Respondents' Located States and<br>Government Reinvention Budget for 1995-1997                      | 98          |
| 5.4 Respondents' Positions   | 101         |
| 5.5 The Relationship between Respondents' Position and Other<br>Demographics, and Government Reinvention Budget<br>for 1995-1997 | 102         |
| 5.6 Percentage of Respondent's Organizations have been done<br>Reinventing Government  | 103         |

**LIST OF TABLES (Continued)**

|      | <b>Page</b>  |     |
|------|--|-----|
| 5.7  | Frequency of Distribution of Marketization & Competition                                   | 105 |
| 5.8  | Frequency of Distribution of Sense of Mission  | 106 |
| 5.9  | Frequency of Distribution of Measured Results  | 107 |
| 5.10 | Frequency of Distribution of Customer Orientation  | 109 |
| 5.11 | Frequency of Distribution of Entrepreneurialism  | 110 |
| 5.12 | Frequency of Distribution of Decentralization  | 111 |
| 5.13 | Frequency of Distribution of Organizational Effectiveness                                  | 113 |
| 5.14 | Correlation between Government Reinvention and<br>Organizational Effectiveness             | 115 |
| 5.15 | Correlation between Government Reinvention and<br>Organizational Effectiveness Sub-factors | 115 |
| 5.16 | Causal and Non-Causal Effect of Factors Affecting<br>Productivity and Efficiency           | 120 |
| 5.17 | Causal and Non-Causal Effect of Factors Affecting<br>Planning and Goal Setting             | 122 |
| 5.18 | Causal and Non-Causal Effect of Factors Affecting<br>Resource Acquisition                  | 124 |
| 5.19 | Causal and Non-Causal Effect of Factors Affecting<br>Flexibility and Readiness             | 126 |

**LIST OF TABLES (Continued)**

|  | <b>Page</b> |
|--|-------------|
| 5.20 Causal and Non-Causal Effect of Factors Affecting<br>Stability & Control                    | 128         |
| 5.21 Causal and Non-Causal Effect of Factors Affecting<br>Information Management & Communication | 130         |
| 5.22 Causal and Non-Causal Effect of Factors Affecting<br>Value of HR Training                   | 132         |
| 5.23 Causal and Non-Causal Effect of Factors Affecting<br>Cohesion & Morale                      | 134         |
| 6.1 Path Coefficients of variables Affecting<br>The Organizational Effectiveness                 | 138         |
| 6.2 Casual and Non-Causal Effect of Factors Affecting<br>Organizational Effectiveness            | 140         |
| 6.3 Summary of Total Indirect Effects of Reinvention<br>Factors On Organizational Effectiveness  | 144         |
| 6.4 Summary of Hypotheses Testing  | 161         |

## LIST OF FIGURES

| <b>Figures</b>   | <b>Page</b> |
|--|-------------|
| 3.1 Design Theoretical Framework for the Research  | 58          |
| 3.2 Proposed Model for Analysis  | 64          |
| 5.1 Path Analysis Diagram for Government Reinvention<br>and Organizational Effectiveness           | 118         |
| 5.2 Path Analysis Diagram for Government Reinvention<br>and Productivity & Efficiency              | 121         |
| 5.3 Path Analysis Diagram for Government Reinvention<br>and Planning & Goal Setting                | 123         |
| 5.4 Path Analysis Diagram for Government Reinvention<br>and Resource Acquisition                   | 125         |
| 5.5 Path Analysis Diagram for Government Reinvention<br>and Flexibility & Readiness                | 127         |
| 5.6 Path Analysis Diagram for Government Reinvention<br>and Stability & Control                    | 129         |
| 5.7 Path Analysis Diagram for Government Reinvention<br>and Information Management & Communication | 131         |
| 5.8 Path Analysis Diagram for Government Reinvention<br>and Value of HR training                   | 133         |

**LIST OF FIGURES (Continued)**

|  | <b>Page</b> |
|--|-------------|
| 5.10 Path Analysis Diagram for Government Reinvention<br>and Cohesion & Morale | 135         |
| 6.1 Revised Model for Analysis   | 136         |
| 6.2 Path Analysis Model for Hypotheses Testing                                 | 139         |

## LIST OF ACRONYMS

|             |   |
|-------------|---|
| <b>GPRA</b> | <b>Government Performance and Results Act</b>                     |
| <b>HR</b>   | <b>Human Resource</b>   |
| <b>NPR</b>  | <b>National Performance Review or National Partnership Review</b> |
| <b>REGO</b> | <b>Reinventing Government</b>                                     |
| <b>TQM</b>  | <b>Total Quality Management</b>                                   |

**LIST OF APPENDICES**

| <b>Appendices</b>   | <b>Page</b> |
|---|-------------|
| APPENDIX A Measures and Operationalizations of Reinvention<br>and Organizational Effectiveness Scales | 225         |
| APPENDIX B Questionnaire  | 231         |
| APPENDIX C Coding of Questionnaire for Reinventing<br>Government and Organizational Effectiveness     | 236         |
| APPENDIX D Results of Reliability Analysis  | 241         |
| APPENDIX E Descriptive Statistics for Independent<br>and Dependent Variables                          | 246         |
| APPENDIX F Results of Multiple Regression Analysis  | 250         |

# CHAPTER 1

## INTRODUCTION

Public administration is an actively evolving field that tries to adapt to and reflect a constantly changing complex web of relationships as well as interactions between government and society. Stillman (1995) has identified six schools of the “refounding public administration” which originated in the 1970s: (1) The “reinventors” - an eclectic approach catalyzed by *reinventing government*; (2) “the communitarians” - with an emphasis on citizenship, family values, and civic participation; (3) the Blackburg Manifesto (Virginia Polytechnic Institute) “refounders” - who try to extend the meaning of public administration from mere management of public organizations to understanding public administration as a part of governance; (4) the interpretative theorists and postmodernists - with an emphasis on the human condition in a society dominated by organizations; (5) the “tool approach” - whose underlying theme is that today, with the burgeoning of the third (non-for-profit) sector in delivery of public services, there is no one best way of approaching the administration of services even at the federal level; and (6) the new bureaucratic perspectives - with the main emphasis on bureaucratic accountability in a constitutional democracy.

It is generally recognized that the Government Reinvention School heavily influenced American administrative reform both in theory and in application throughout the two terms of the Clinton Administration.

## 1.1 Significance of Government Reinvention

Reinventing government has been one of the new efforts to refounding public administration theoretically and it provides comprehensive insights into the implementation of public administrative reforms since the 1990s.

What is the reinvention approach? In *The International Encyclopedia of Public Policy and Administration* (Shafritz, ed. 1997), Marc Holzer (1997) pointed out, "reinventing government" is "the theoretical tenets of a public administration policy for process and service improvements to yield an improved government". Reinventing government was the most popular paradigm of public administration in the 1990s.

The conceptual differences between this new approach and traditional approaches such as the bureaucratic method to public administration have been explained by the British scholar Christopher Hood (1991, 1994), New Zealand scholars such as Jonathan Boston (1991), and American writers such as Michael Barzelay (1992), and David Osborne and Ted Gaebler (1992, 1995, 1997). In his study of administrative reform, Gao (1994a: 2) noted the following:

*Fundamental change in service delivery is occurring in federal government, state and local governments. Three factors were repeatedly mentioned in the literature as causing change: (1) a desire or need to achieve "competitive advantage," (2) long-term revenue or budget constraints, and (3) mandates*

*required by law or regulation.... The variety of change can be grouped into four types of change:*

- Cultural changes, which involve altering underlying assumptions, values, attitudes, and expectations shared by an organization's members;*
- Mission changes, which entail an organization recognizing the need to systematically identify and plan core activities and responsibilities;*
- Structural changes to ensure that organizational authority and work responsibilities are arranged in the most efficient manner; and*
- Process changes in how products and services are produced and delivered.*

These types of recommended changes are central to the reinvention process. Indeed, the reinvention movement goes beyond management. It is a global movement, it is in the private sector as well as the public, it is occurring in thousands of agencies and organizations of the governments all over the world. It can be argued therefore that administrative reform is joining the mainstream.

David Osborne and Ted Gaebler (1992) in *Reinventing Government* described this popular agenda for a high performance government, and their recommendations for process and service improvements may have greater impact than those contained in a dozen or so comparable efforts over the past century, simply because government has never been under such pressure from the public to be more productive, effective, and “unbureaucratic”.

The reinventing government paradigm is a rather dynamic synthesis of different approaches. Administrative reform as a phenomenon is central to reinventing government and this can be seen in Osborne and Gaebler's list below:

- *Steering rather than rowing;*
- *Empowering rather than serving;*
- *Injecting competition into service delivery;*
- *Transforming rule-driven organizations;*
- *Funding outcomes, not Inputs;*
- *Replacing bureaucratic processes with market processes;*
- *Meeting the needs of customers, not the bureaucracy;*
- *Earning rather than spending;*
- *Preventing rather than curing; and*
- *Moving from hierarchy to participating and teamwork.*

Osborne and Gaebler's Reinvention theory offers a powerful tool of revolution in public administrative reform. Advocacy of 'reinventing government' has become mainstream in the modern administrative reform movement throughout the world. Administrative institutions of local governments in the United States were established based on the bureaucratic model of command-and-control and have been experiencing a conversion to the movement of reinventing government during the 1990s. This study tries to explore some of the assumptions of that seminal work as they relate to the nature of theory of reinventing government in the administrative reform of the United States. The study stresses

the old bureaucratic form of government has become ineffective and obsolete given the advent of the modern information age. This study suggests that the reinventing government approach is essential for the improvement of organizational effectiveness. To this end, the findings of administrative reform conducted by the U.S. federal government are examined to see if such a revolution is indeed occurring. The conclusion is drawn that some, but by no means all, of Osborne and Gaebler's propositions are supported by the survey's evidence, although their account of how reform has come about needs to be further explored. Therefore, in conclusion of this study, I try to analyze how government should be encouraged to transform, not only as an administrative bureaucracy, but also as an entrepreneurialized government.

## **1.2 Statements of the Research Problems**

Reinventing government has been a neoteric effort to the restructuring of public administration in a theoretical sense and provides a comprehensive insights into the practice of public administrative reforms since the 1990s (Stillman, 1995).

Administrative institutions in developed countries, for instance in the United States, were established based on the bureaucratic model of command-and-control. The old bureaucratic form of government has become ineffective and obsolete given the advent of the modern information age. Reinventing government is essential for the improvement of organizational effectiveness.

This study tries to explore some of the assumptions relating to the theoretical nature of reinventing government in the administrative reform process of local government in the United States. The movement of “reinventing government” in the United States describes a historical course to justify their prescriptions for administrative reform. The reinvention theory argues that administrative institutions in the United States were established based on the bureaucratic model of command-and-control and have not changed significantly in their design and operation during the twentieth century. It claims that the onset of the modern information age has rendered this bureaucratic form of government ineffective and obsolete.

Currently, many administrative scholars and practitioners argue that the bureaucratic model of administration must be transformed into entrepreneurial organizations in order to perform more effectively. The Weberian bureaucratic model is only appropriate when the organization exists in a simple, stable, and homogeneous environment. According to Osborne and Gaebler, since bureaucratic conditions that prevailed in the United States during the first part of the twentieth century have since dissipated, the government must be made more entrepreneurial in order to be effective (Osborne 1993, 12-15).

Various administrative theorists, government officials and administrators of public sectors have suggested Reinventing Government as a blue-print for the development of a more effective and efficient government structure. But its main criticism is that while Reinventing Government does present some noteworthy

concepts, it takes liberties with historical fact, makes unsupported assumptions and demonstrates little respect for the country's conscientious, hard-working and productive public sector employees. As a result, many of its recommendations, while being worthy of discussion, can not be considered as a serious remedy for reforming the US government.

The criticism against the reinventing government approach has raised up a series of arguments for public administrative reform: How do we realize the nature of public management? What is the difference between public administration and private business management? Is marketization or entrepreneurization the only way for recreating a higher efficient and effective government in administrative reform? In other words, we need to understand the challenges facing the field of public administration today as well as to redefine the concept of public administration if we are to answer in a satisfactory manner the above questions.

Several hypotheses on the relationships between these reinvention variables and organizational effectiveness from the literature will be simulated, which will be tested using various statistical procedures. The data to be used for quantitative analysis has been collected through a study survey from the mayors or city managers and government officials in the State of New Jersey as well as other states in the US.

Third, an attempt will be made to study the relationship between reinventing government and organizational effectiveness.

1. Ever since Vice President Al Gore initiated the National Performance Review in 1993, there has been a great deal of discussion and controversy concerning reinventing government and organizational effectiveness issues in the United States. It is interesting to note that all of this happened at once and that government agencies, both at the local and federal level, were obligated to wrestle with these issues. But the question is: What is it? Or, put differently, if reinventing government is the answer, what is the question? What is the problem that reinventing government is trying to solve? The question here is very basic: How could we assess reinvention as a major reform in the United States? Or, to put things a little bit more bluntly, are there anything more fundamental for improvement of government at work?

2. The movement of “reinventing government” in the United States provided a lot of cases to justify their prescriptions for administrative reform. The reinvention theory argues that administrative institutions in the United States can not be established still based on the bureaucratic model of command-and-control and have to be changed significantly in their design and operation in the 21<sup>st</sup> century. It claims that the onset of the modern information age has rendered this bureaucratic form of government ineffective and obsolete.

Currently, many administrative scholars and practitioners argue that the bureaucratic model of administration must be transformed into entrepreneurial organizations in order to perform more effectively. The Weberian bureaucratic model is only appropriate when the organization exists in a simple, stable, and

homogeneous environment. According to Osborne and Gaebler, since bureaucratic conditions that prevailed in the United States during the first part of the twentieth century have since dissipated, the government must be made more entrepreneurial in order to be effective (Osborne 1993, 12-15). Is that true? Or, are we going on the transition process from bureaucratic model to entrepreneurial model? Can it be proven that the entrepreneurial model is much more effective than the bureaucratic model?

3. A relatively recent administrative reform school entitled *Reinventing Government* has received acclaim on the one hand, and on the other substantial criticism. There exists a body of critical literature which suggests that while the *reinventing government* movement does present some noteworthy concepts, it takes liberties with historical fact, makes unsupported assumptions and demonstrates little respect for the country's conscientious, hard-working and productive public sector employees. As a result, should many of its recommendations, while being worthy of discussion, be considered as a serious remedy for reforming the US government?

While the reinventing government approach is being put forward as an effective prescription for the institutional reform of government in the 21<sup>st</sup> century, criticisms to the reinventing government approach also have raised up a series of arguments for public administrative reform. For instance, how do we realize the nature of public management? What is the difference between public administration and private business management? Is marketization or entrepreneurization the only way for

recreating a more efficient and effective government in administrative reform? In a word, we need to redefine the concept and the implication of public administration reform in facing the challenges of the new millennium if we want to attain the optimum answer to the above questions.

### **1.3 Objectives of the Study**

The main objective of this dissertation is to conduct a survey concerning the primary determinants of government reinvention upon organizational effectiveness by using a case study method and a combination of qualitative and quantitative methods of data collection and analysis. To achieve the objective the dissertation focuses on the following points:

First, an attempt is made to offer a more comprehensive conceptualization of the reinvention approach in administrative reform along dimensions that have been shown in the literature review to be related to organizational effectiveness.

Serial case studies collected by the National Center for Public Productivity at Rutgers University are to be reviewed and summarized in this paper so as to provide a qualitative perspective for developing proper quantitative methodology. Those government reinvention experiences help to elaborate the hypotheses and provide substantive meaning to the findings. These dimensions include marketization and competition, customer orientation, measured result, sense of mission, decentralization, and entrepreneurialism.

Second, in addition to examining the effects of the above determinants of government reinvention upon organizational effectiveness, an attempt is made to construct a theoretical model integrating the determinants as contingency factors affecting the organizational effectiveness in reinventing government.

Osborne and Gaebler's revolutionary theory offers a powerful tool for public administrative reform. Advocacy for *reinventing government* has become part of the mainstream in the modern administrative reform movement throughout the world. Administrative institutions in the United States were established based on the bureaucratic model of command-and control.

Despite its empirical support, reinventing government as the best practical approach has come under attack by academics who view it as an atheoretical, ahistorical, procedurally flawed, self-confirming method of analysis (Lynn 1993; Overman and Boyd 1994). As Lynn argues, before we can determine the validity of the important claims raised by reinventing government supporters, we must move beyond research methods that merely document "still more self-serving claims of managerial daring-do [sic]" (Lynn, 1993: 44). So this study will make an effort to test the claims made by the reinvention school of thought regarding the characteristics and performance of the bureaucracy in the United States. Through this study, we will try to determine the extent to which the claims made by the reinvention theory are borne out by the documented experiences of a large number of government agencies at the local, state and federal level across the United States.

Many of the facts presented by Osborne and Gaebler are based on the direct recounting of the experiences of other researchers. Issues of replication, verification, and peer review are largely neglected, although somewhat more rigorous versions of the reinventing perspective are found in the works of Barzelay (1993). Two keen observers of this literature, Overman and Boyd (1994), describe this approach as the "best-practices" methodology and literature and suggest that it does not rise to the level of empirical social science. It is necessary that the reinvention approach be upgraded to a higher level of empirical and theoretical science through the examination and measurement of combined qualitative and quantitative analyses. Therefore, it requires empirical measurement and explanation as well as the support of qualitative and quantitative analyses.

The purpose of this paper is to conduct a study of those determinants associated with the government reinvention approach upon organizational effectiveness using a case study method and a combination of qualitative and quantitative analysis in three important ways.

- 1) First, the paper will offer a more comprehensive conceptualization of the government reinvention approach in administrative reform along dimensions that have been shown in the literature review to be related to organizational effectiveness. Serial case studies collected by the National Center for Public Productivity at Rutgers University are to be reviewed and summarized in this paper to provide a qualitative perspective for a mainly quantitative methodology. Those reinvention experiences will help to elaborate the hypotheses and provide

substantive meaning to the findings. These dimensions include marketization and competition, customer orientation, measured result, sense of mission, decentralization, and entrepreneurialism.

2) Second, in addition to examining the effects of the above determinants of government reinvention on organizational effectiveness, the paper will move towards integrating the determinants as a contingency factor affecting the organizational effectiveness in reinventing government. Several hypotheses on the relationships between these reinvention variables and organizational effectiveness from the literature will be tested by using various statistical procedures. The analysis reported uses data collected from the mayors or city managers, county administrators, state administrators and other government officials throughout the United States.

3) Third, the paper will move towards a completing values approach and explore the effects of multiple contingencies on organizational effectiveness. This approach will take into account an examination of the impact of the government reinvention approach on organizational effectiveness by using multivariate analysis, such as multiple regression and factor analysis. The hypotheses of reinventing government will be empirically tested..

4) Finally, I should further make an emphasis on the significance and potential contribution of this research paper to the arena of public administration). Undoubtedly, this study is very meaningful not only for the academic but also for the implementation) of administrative reform. Although there exists much

qualitative evidences and case studies were provided to investigate or verify the theoretical hypotheses of the government reinvention approach, all of these did not lead to confirmation of the theory of *government reinvention* due to their non-quantitative characteristics. It can be said that Osborne and Gaebler's conclusion of government reinvention is based on non-quantitative practical observation. Until recently, there was little research that conducted quantitative analysis by using the government reinvention in order to confirm the effects of the government reinvention approach upon administrative reform. This study is a pioneering effort in its sole concentration upon the parameters of government reinvention theory and in verifying it with the combined attribution of quantitative and qualitative analyses.

## CHAPTER 2

### REVIEW OF GOVERNMENT REINVENTION

#### 2.1 Definition of Reinventing Government

What is *government reinvention*? In *The International Encyclopedia of Public Policy and Administration* (Shafritz, ed., 1997), Marc Holzer pointed out that “reinventing government” consists of “the theoretical tenets of a public administration policy for process and service improvements to yield an improved government”. Reinventing government was the most popular paradigm of public administration during the 1990s.

David Osborne in his new book, *Banishing Bureaucracy: The Five Strategies for Reinventing Government* (1997), makes a clear definition for reinventing government. Osborne defined it as:

*The fundamental transformation of public systems and organizations to create dramatic increases in their effectiveness, efficiency, adaptability, and capacity to innovate. This transformation is accomplished by changing their purpose, incentives, accountability, power structure, and culture.*

Osborne continues to explain that “reinvention is about replacing bureaucratic systems with entrepreneurial systems. It is about creating public organizations and systems that habitually innovate, that continually improve their quality, without having to be pushed from outside. It is about creating a public

sector that has a built-in drive to improve - what some call a 'self-renewing system'."(Osborne and Plastrik,1997).

Reinvention, in other words, gets government ready for challenges it cannot yet anticipate. It not only improves effectiveness for today but it creates organizations capable of improving their effectiveness for tomorrow, in response to changes in the environment.

## **2.2 Characteristics of Reinventing Government**

Many of the problems described by Wilson concerning public administration are rooted in the classical theory of effective government. For example, traditional definitions of effective government encourage hierarchical control, specialization, efficiency, reduced duplication, and clearly defined rules and procedures. But that model also has its failures. Its highly rational and predictable processes, its obsession with the quantitative side of organizational outcomes, its strongly hierarchical management structures that assumed that most of the intelligence of an organization resided in the minds of those at the top, and its slow, plodding nature proved no match for the accelerating, ineluctable forces of change surrounding and engulfing the nation and the world during late 1960s through the 1990s. (Wilson, 1989).

Currently, many scholars in the fields of public administration or public management argue that the bureaucracy must be "reinvented" into "*entrepreneurial* organizations" in order to perform with greater effectiveness.

Entrepreneurial governments possess nine important characteristics (Osborne, 1993: 19-20):

- (1) Promote competition between services providers*
- (2) Empower citizens by transferring control from the bureaucracy to the citizens*
- (3) Measure outcomes*
- (4) Motivated by a strong sense of mission, not rules and regulations*
- (5) Redefine clients as customers*
- (6) Proactively prevent problems rather than merely respond to them*
- (7) Strive to earn money, not spend it*
- (8) Delegate decision-making authority to operators*
- (9) Focus on catalyzing various organizations into action to solve problems through innovation and flexibility*

*Reinventing government* requires a fundamental transformation of today's industrial era public systems. There are many ways to portray this transformation. Some writers have described the goal with phrases such as "high-performing organizations," "quality organizations," "learning organizations," "intelligent organizations," and "self-renewing organizations." But more often than not the phrase "entrepreneurial government" is used to convey what it means.

In another analysis of characteristics pertaining to the reinvention of government, Osborne (1993: 264) stated: "To change behavior within the federal

government, we must change the basic incentives that shape that behavior. We must create a new set of dynamics - through the use of *competition*, the *measurement of results*, the *decentralization of authority*, and the creation of real consequences for success and failure."

Essentially, Osborne and Gaebler have outlined a great shift in the management of government away from what they call a bureaucratic government toward an entrepreneurial government. To a large extent, *reinventing government* attempts to integrate the fair market and privatization literature (Savas 1985, 1987, 1992) with the "excellence in management" literature (Peters and Waterman 1982).

According to Osborne and Gaebler (1992: 19-20), the entrepreneurial model is characterized by the following features:

*Most entrepreneurial governments ... empower citizens by pushing control out of the bureaucracy, into the community. They measure the performance of their agencies, focusing not on inputs, but on outputs. They are driven by their goal - their mission - not by their rules and regulations. They redefine their clients as customers ... They decentralize authority, embracing participatory management ... They prefer market mechanisms to bureaucratic mechanisms.*

In conclusion, David Osborne and Ted Gaebler's book (1997), *Banishing Bureaucracy: The Five Strategies for Reinventing Government*, which is credited with being the catalyst which started the current emphasis on improving or reinventing government, describe ten key reinvention around which public

administration systems and organizations should be structured upon. Osborne defines briefly each one in Appendix A of his new book (Osborne and Plastrik, 1997: 347-349). Osborne and Gaebler (1993) organized their propositions or concepts as such:

- (1) *Catalytic Government: steering rather than rowing;*
- (2) *Community-Owned Government: empowering rather than serving;*
- (3) *Competitive Government: injecting competition into service delivery;*
- (4) *Mission-Driven Government: transforming rule-driven organizations;*
- (5) *Result-Oriented Government: funding outcomes, not inputs;*
- (6) *Customer-Driven Government: meeting the needs of the customer, not the bureaucracy;*
- (7) *Enterprising Government: earning rather than spending;*
- (8) *Anticipatory Government: prevention rather than cure;*
- (9) *Decentralized Government: from hierarchy to participation and teamwork;*
- (10) *Market-Oriented Government: leveraging change through the market.*

### **2.3 Definition of Organizational Effectiveness**

The literature on *organizational effectiveness* is rich in studies in which the criterion for the assessment is derived from organizational goals set forth during the 1970s. It refers to the overall performance of the agency in seeking to fulfill its institutional mandate (Osborne and Gaebler 1993: 351). Thus, the terms

effectiveness and performance are used interchangeably in this dissertation. *Organizational effectiveness* refers to the system of cooperation as a whole. Furthermore, "the test of effectiveness is the accomplishment of a common purpose or purposes; effectiveness can be measured" (Barnard 1968 [1938], 60). This paper tries to focus on the relationship between reinvention and organizational effectiveness by utilizing a competing values approach.

This study uses the competing values approach of *organizational effectiveness* developed by Quinn and Rohrbaugh, which integrates a diverse set of indicators used by managers to gauge effectiveness (Banner and Gagne, 1995: 120). Therefore, the operational definitions or indicators of *organizational effectiveness* can be divided into eight groups.

## **2.4 Reinventing Government in the Local Governments of the United States**

In 1993, when John Osborne and Ted Gaebler produced an immensely useful manual for transforming unresponsive government bureaucracies - local, state or national - into entrepreneurial systems open to innovation and change the *government reinvention* movement had been expanding on prescriptions for decentralizing authority, benchmarking performance and competitive public-versus-private bidding on government services.

With regards to the actual observance and practice of government reinvention, Vice President Al Gore's National Performance Review (NPR) set out in 1993 to transform the basic culture of federal organizations to make them more

performance based and customer oriented. The conceptual framework for this effort has been collectively dubbed the "reinventing government movement." From a practitioner's point of view, the origins of the reinventing government movement and its influence on the NPR's efforts will change the culture of the federal government (Kamensky, 1996).

The *government reinvention* platform was endorsed officially by Vice President Gore and the National Performance Review in *Creating A Government that Works Better and Costs Less* (1993). The National Performance Review's agenda for national government reform included four major steps and for multiple actions at each step:

***Step 1: Cutting red tape***

- Decentralizing the budget process
- Streamlining procurement
- Reorienting the inspectors general
- Eliminating state and local government

***Step 2: Putting customers first***

- Giving customers a voice and a choice
- Making service organizations compete
- Creating market dynamics
- Using market mechanisms to solve problems

***Step 3: Empowering employees to get results***

- Decentralizing decision-making power

Holding all federal employees accountable for results

Giving federal workers the tools they need to do their jobs

Enhancing the quality of work

Forming a labor-management partnership

Exerting leadership

***Step 4: Cutting back to basics***

Eliminating what is not necessary

Collecting more

Investing in greater productivity

Reengineering programs to cut costs

Under this mandate, NPR activities have undertaken a lot of detailed, pragmatic initiatives for *government reinvention*.

Throughout the *reinventing government* literature, there exists the argument that the "bureaucratic paradigm" in local government is also a dilemma. The problems associated with the bureaucracy are inherent in the administration of government agencies at the local level. Yet the process of *reinventing government* would reform an inefficient bureaucracy and replace it with an efficient bureaucracy.

At the county level, Streib and Waugh have detected considerable confidence in the administrative and political capacities of counties to design, implement, finance, and manage effective programs. (Streib & Waugh, 1991) For example, Los Angeles County's

Productivity Improvement Program achieved millions of dollars in savings and national recognition (Holzer, 1998)

Hard evidence that “government works” can be found in state, county, and municipal awards programs. Each year, thousands of projects are nominated for formal recognition by associations of their peers. (Holzer, 1998)

Although the experiences of the private sector had a significant influence on some of the concepts used by the NPR, President Clinton in 1995 viewed *government reinvention* as an outgrowth of the need to cut budgets, and also understood its power to change large organizations stemming from his experience in introducing total quality management to the Arkansas state government while serving as governor. Indeed, much of the reinvention movement in the federal government was built upon the strong underpinnings of total quality management that had evolved in the previous decade (U.S. General Accounting Office, 1992a).

Although the Texas approach (Sharp, 1998) emphasized cost cutting, it was clear from the beginning that one of the NPR's major goals was to change the organizational culture of many federal government agencies in order to become more performance-based and customer-oriented (Sharp, 1991).

A lot of manifestations of the effects of the NPR can be seen in those efforts under way to improve service delivery. All executive departments and agencies providing “significant services directly to the public” were required to:

-- *Identify the customers who are, or should be, served by the agency;*

- Survey customers to determine the kind and quality of services they want and their level of satisfaction with existing services;*
- Post services standards and measure results against them;*
- Benchmark customer service performance against the best in the business;*
- Survey front-line employees on the barriers and ideas of matching means of delivery;*
- Make information and services easily accessible; and*
- Provide means to address customer complaints (Kettl, 1994:35).*

Some initial results are favorable. After three years of “reinventing government,” Holzer (1998) concluded from the NPR report, for example, that

- The government had reduced its workforce by nearly 240,000.
- Superfluous layers of management had been cut, eliminating nearly 54,000 supervisors.
- The Social Security Administration was rated first in an independent survey of the country’s best 1-800 telephone services (both public and private).
- The Internet was being utilized to allow citizens to do government business from their computers, such as obtaining business advice, downloading IRS forms, or filling out Small Business Administration loan forms.
- The Department of Agriculture dropped three million pages of government forms.

- The regulatory and administrative burden of government on citizens and businesses had been slashed by nearly \$28 billion a year.
- More than 100 federal-local partnerships had been created to focus on the needs of individual communities.

In the most recent review of the *government reinvention* program the outstanding feature of the inspection was that 2000 marked the seventh anniversary of Vice President Gore's National Partnership for Reinventing Government – making it the longest and most successful national government reform effort in American history. (Gore, 2000)

The NPR started by recommending more than 1,200 specific changes to make government work better, cost less, and get the results that Americans wanted and cared about. The US government then set out to implement those recommendations. After the first Clinton-Gore term, nearly two-thirds of the changes had been made. In the second Clinton-Gore term, the US government began to focus on transforming the bureaucratic culture those agencies with the most public contact to be more results-oriented, performance-based, and customer-focused. The US government used the information technology revolution and new approaches in employee-management roles as key levers. The US government also created a network of results-oriented partnerships across agency lines with states and local governments, and changed the relations between regulatory agencies and business.

Summarily, major accomplishments of *government reinvention* (data and figures are cited from NPR, 2001) can be concluded accordingly:

### **1) Decentralizing and Downsizing the Government**

Implementation of the NPR reduced the size of the federal civilian workforce by 426,200 positions between January 1993 and September 2000. Thirteen of 14 departments were reduced in size; the Department of Justice, however, grew due to the Clinton Administration's fight against crime and drugs. The government workforce was for the first time the smallest it had been since the Eisenhower Administration during the 1950s. In addition, the NPR trimmed the government the right way by eliminating what wasn't needed – bloated headquarters, layers of managers, outdated field offices, obsolete rules and regulations. For example, in accordance to the recommendations of the NPR, 78,000 managers government-wide and other federal employees were cut by late 1999. Action on more than two-thirds of the NPR's suggestions resulted in savings of more than \$136 billion.

The NPR also expunged 640,000 pages of internal agency rules (equivalent to 125 cases of copy paper). Closed nearly 2,000 obsolete field offices and eliminated 250 programs and agencies, like the Tea-Tasters Board, the Bureau of Mines, and wool and mohair subsidies. Procurement reform led to the expanded use of credit cards for small item purchases, saving about \$250 million a year in processing costs.

## **2) More Results- and Performance-Oriented Government**

Application of the NPR made the government more results-oriented by developing the first annual performance reports required under the Results Act, by creating networks and cross-agency partnerships for results, and by advocating the use of balanced measures to drive individual performance incentives.

Other NPR-derived legislation adopted by Congress included delinquent debt reform, financial standards, grant reform, and the use of credit cards to pay taxes. More than 90 NPR-related bills and 50 Presidential directives have been signed.

### **3) More Customer-Oriented Government**

By 1997, about 570 federal organizations had committed themselves to more than 4,000 customer service standards, embedding a recognition that government does in fact have customers. By 2000, 80 percent of managers saw service goals aimed at meeting customer expectations as being of primary importance, up from 36 percent in 1992.

By 2000, 30 agencies were measuring satisfaction with their services via a third party with international standing. Comparison with private sector companies was close and narrowed between 1999 and 2000. Agencies have committed themselves to expanding to over 100 customer segments by 2001.

The NPR prompted a multitude of federal agencies to cooperate together. For instance, the Bureau of Land Management's Trading Posts with the Forest Service, Customs and the INS in international airport clearance efforts, and the establishment of community level service kiosks.

In adhering to the guidelines of the NPR, expanded use of Internet gateways sites was encouraged thereby allowing one-stop transactions and the capacity to download more than 1,000 on-line forms, such as IRS electronic filing in 2000 by more than 32 million Americans. Nowadays more than a dozen cross-agency sites serve a broad range of customers such as students, seniors, businesses, and state-local employees.

In line with the spirit of the NPR, federal government agencies and communities were motivated to create hassle-free communities in 13 states so as to provide one-stop service delivery. Furthermore, government agencies were encouraged to have public conversations with Americans in order to learn first-hand the needs of their customers. Many federal agencies consequently have sponsored hundreds of such forums.

#### **4) Entrepreneurial Government Works More Like A Business**

The use of regulatory partnerships has become the preferred approach for getting results. Through the NPR, the Clinton Administration worked with five key regulatory agencies (EPA, FDA, FSIS, OSHA and FAA) to pilot new approaches, to deploy information technology, and to do a better job measuring what matters — namely their impact on their mission (e.g. clean air) as opposed to historical process measures (e.g. the number of tickets written for regulatory violations). As a result, food-borne illnesses, toxic emissions, and worker injury rates are dropping. And the regulated community has better information and tools to help with compliance.

In 1996, government agencies eliminated more than 16,000 pages of unnecessary federal regulations affecting businesses. Agencies also rewrote another 31,000 pages into understandable, plain language. This initiative spread to a broad segment of the federal workforce, with more than one-third recognizing it as an important initiative. Customers of these agencies and programs, such as the Small Business Administration, the Securities and Exchange Commission, and Medicare, have recognized the change.

#### **5) E-Government Access**

The NPR worked to help create FirstGov – a one-stop website ([www. firstgov. gov](http://www.firstgov.gov)) for government information, transactions, program results, and e-mail feedback to public officials – with connections to 27 million web pages and about 1,000 forms and services.

Similarly, the NPR catalyzed the creation of more than a dozen Internet gateway websites to serve specific populations of users, such as students, workers, the disabled, businesses, state-local employees, and recreation users.

And finally, the NPR pressed for the creation of kiosks offering touch screens for one-stop services in 36 communities across the United States traditionally under-served by the Internet.

#### **6) More Market-oriented and Competitive Government**

Recognized frontline employees for their reinvention innovations. More than 68,000 employees on 1,378 teams received Vice President Gore's Hammer Award. Together, they not only improved government operations but also saved or put to better use more than \$53 billion.

Marketization empowered front-line employees to better do their jobs. NPR chartered more than 350 reinvention labs to pilot new ways of doing business and to streamline the granting of waivers from their own internal regulations so frontline operating units could better serve their customers. It streamlined some administrative silliness. About 41 percent of employees said sign-in sheets and time cards had been eliminated and statutory changes have allowed paperless travel arrangements and vouchers, saving millions in administrative costs.

Competition mechanism increased employee understanding of what constitutes good performance from 26 to 31 percent. Embedded continued change by requiring that SES bonuses be based on demonstrated improvements in business results, customer satisfaction, and employee feedback. 850 labor-management partnerships were sponsored by agencies, covering 66 percent of bargaining unit employees.

Governmentwide employee surveys between 1998 and 2000 showed that employees who felt their organizations actively promoted reinvention were twice as satisfied with their jobs than those employees who did not believe reinvention was a priority in their organizations.

Overall, accomplishments of government reinvention have made important steps for the government in improving the delivery of service to the public. Based on last measured by the University of Michigan in 1998, the public's trust in government had nearly doubled within a four-year period to 40 percent. While this cannot be totally attributed to the results of reinvention, it believes that reinvention has made an important contribution in raising the public's trust in the government and creating a efficient and effective way for service delivery to the public.

## **2.5 Toward Establishing an Elaborated Model**

The literature suggests that a model which combine elements such as marketization & competition, measured results, sense of mission, customer orientation, entrepreneurialism, decentralization would have real power in explaining improvement of organizational effectiveness.

The mission of reinvention is to reinvent the systems of government, redesign agencies and program to make them more responsive to their customers, and streamline the government. The system reinvention work will result in a framework for the development and delivery of cost effective policies and programs by the federal government. This framework will clarify managers' accountability for achieving results, create a focus on clearly identifying and serving the customer, and provide managers the tools and incentives to focus on results.

As Osborne and Gaebler (1993: 14) remind us, our world is no longer hospitable to the bureaucratic model. We live in a global marketplace with ongoing competitive pressures, in an information society where people can access information with the same ease as their leaders can, in a knowledge-based economy where educated workers, including automation professionals, bridle at the thought of being micro-managed and prefer autonomy. We live in an age of segmented markets where customers are accustomed to high quality and particularized marketing strategies and choices. Today's environment demands institutions that are flexible and adaptable, that deliver high quality goods and services, that are responsive to their customers, and that are led by persuasion rather than by command.

### **2.5.1 Marketization and Competition and Organizational Effectiveness**

Comparing with the other models, Guy Peters (1996) said, the fundamental intellectual root of the market approach to changing the public sector is the belief in the

efficiency of markets as the mechanism for allocating resources within a society. The second intellectual root of market-based reforms stems the analysis of the failings of conventional bureaucracies by scholars such as Niskanen (1971), Tullock (1965), T. Moe (1984;1989), Ostrom (1986), and a host of other advocates of public-choice analysis (Bendor 1990; McLean 1987).

The market approach here, Guy Peters (1996) concluded, however, is to consider what the adoption of this model as the standard for efficient social allocation does for the role of public bureaucracy as it has been developed in most industrialized democracies. The market-oriented view of government and its bureaucracy supposes a good deal of autonomy for agencies within the public sector.

In “Businesslike Government”, Gore told us, when government works in partnership with its stakeholders, everybody wins. Stakeholders include business, labor, communities, non-governmental organizations, and individuals. When regulators focus on what really matters — prevention, not punishment — business can do business, customers are better served, and regulators get the results they seek. That’s much more than can be achieved under a strictly command-and-control approach.

Osborne & Gaebler, (1993) summed up, the most obvious advantage of competition is greater efficiency: more bang for the buck. Competition forces public (or private) monopolies to respond to the needs of their customers. Competition has forced drastic improvements in some areas, such as express mail. Competition rewards innovation; monopoly stifles it. Competition in service delivery favors “the survival of the helpful,” as two British socialists once put it. It is a form of natural selection.

Competition boosts the pride and morale of public employees. Most of us assume that public employees suffer when they have to compete.

In the market view, Guy Peters (1996), the principal problem with traditional bureaucracies is that they do not provide sufficiently incentive for individuals working within them to perform their jobs as efficiently as they might. Given this dearth of motivation, individuals will usually attempt to maximize other qualities in their job.

Implementing such a system of market-oriented organizations assumes a capacity to monitor effectively and measure adequately the performance of the decentralized bodies created. Thus, this organizational pattern appears applicable to the “machine” functions of government (Mintzberg 1979) but probably less so to the complex social and developmental tasks that governments must also perform (but see Romzek and Dubnick 1994 and Guy Peters, 1996)

The managerial implications of the market model should now be clear. If public-sector employees are considered to be much the same as private-sector workers, then the same managerial techniques should work in government as elsewhere.

Guy Peters (1996) expected, the market vision has become the most popular alternative conceptualization of the state and government. This view perceives traditional public bureaucracies more as instruments of personal aggrandizement by civil servants than as instruments for unselfish service delivery to the public.

Holzer (1998) concluded that while competition is certainly an important assumption, it is not the only paradigm. The “flip side” of competition—cooperation—is also an essential productivity enhancement strategy.

### **2.5.2 Measured Results and Organizational Effectiveness**

Measured Results is strongly recommended as a reinvention model in NPR. Although reinventing government focuses on many of the traditional cross-cutting systems, such as budget, financial management, planning, and measurement, it also focuses on areas that has not been the focal point of previous reform efforts such as centering largely around redefining the accountability, role of teamwork and creating an emphasis on agency customers. As Gore (1993c: 67) observed: "Results measured as the customer would - by better and more efficiently delivered services."

Vice President Gore's 1993 report showed that an emphasis on managing for results is also being practiced at the state and local government level. Sunnyvale, California began adopting comprehensive performance planning, measurement, and budgeting as part of a new approach to city management. Sunnyvale's success has stimulated results-oriented management in other states and cities. Florida, Minnesota, Texas, and Phoenix, Arizona are among those that are changing their management practices to emphasize results and improve performance.

According to Oregon Governor Barbara Roberts, "In state government the benchmarks have already been adopted as a tool for stating concrete objectives, setting program and budget priorities and measuring performance. They are helping our agencies to focus differently, work more closely together, and make better use of existing resources." Five other countries, the United Kingdom, Australia, New Zealand, Canada,

Sweden, and others cited earlier, have also increased their use of performance measurement to guide management and budgeting over the last decade (NRP, 1993).

### **2.5. 3 Sense of Mission and Organizational Effectiveness**

The *reinventing government* dichotomy between mission-driven government and rule-driven government is another expression of differing perspectives on rationality. Certainly rules prevent some abuse and result in greater fairness and are deemed rational if abuse is to be eradicated and equity achieved. If efficiency and flexibility are preferred, then a rational argument exists for tossing out the rules and substituting them with the superiority in fulfilling the mission. It is also likely that the results will be predictable – a more efficient, innovative, and flexible government and/or a government that is less fair and more open to abuse or corruption.

Siegel commented that the goal of the NPR, then, was to create a government that "costs less and works better," one that would not have unnecessary bureaucratic layers standing between the administrators of a program and its ultimate recipients, a government that was "mission driven" and not "rules-driven," and a government that would provide to its "customers" the levels of service that the finest organizations and firms in the nation were already providing (Siegel, 1996).

Gore in 1996 reported that the sense of mission found in the NPR requires all agencies to define their long-term goals, set specific annual performance targets, and

report annually on performance as compared to targets. It calls for some key components, such as strategic plans, annual performance plans, and annual performance reports, and provides the managerial flexibility that is crucial to mission-driven, results-oriented budgeting and management (Gore, 1996).

#### **2.5.4 Customer Orientation and Organizational Effectiveness**

The use of the customer metaphor in the *reinventing government* perspective borrows heavily from utilitarian logic, the public choice model, and the modern application of market economics to government. In this paragon, the empowered customer makes individual choices in a competitive market, thus breaking the bureaucratic service monopoly. The values of individual satisfaction are judged to be more important than the values of achieving collective democratic consensus. The public official is to develop choices for empowered choice makers rather than build a community. In the *reinventing government* movement, "service" is customer first, to be oriented by empowered citizens making choices and empowered public servants arranging public choices. *Reinventing government* seeks responsiveness and relevance. It exhibits frustration with bureaucratic models, and suggests some solutions.

Holzer reviewed, "While not new then, quality management has become a fundamental element of the *reinventing government* movement. Just as the private sector is shifting from bureaucratic to **customer-responsive management** approaches in order to remain competitive in a global marketplace, government is becoming more quality

conscious to meet the challenges posed by privatization and to meet the public's view of itself as customers, deserving of the highest-quality services." (Holzer, 1998)

Holzer also argued that forward-looking public organizations, however, have adopted a different model, citizen-as-customer, through which they consciously identify obstacles to improved client services and then work to solve those problems. They respect and respond to customers. (Holzer, 1998) Moreover, as Hunt contends, successful organizations engage in open, continuous, two-way communication with their customers and utilize ongoing measures of customer satisfaction to alter and improve their services and processes.

Gore concluded that if government is to become customer-oriented, then managers closest to the citizens must be empowered to act quickly. Why must every decision be signed-off on by so many people? If program managers were instead held accountable for the results they achieve, they could be given more authority to be innovative and responsive (Gore, 1993: 74)

### **2.5.5 Entrepreneurialism and Organizational Effectiveness**

Say's research showed that "entrepreneurship...[represents] a new model of government in which hitherto core public services would actually be provided, on contract, by risk-taking, entrepreneurial private sector organizations (Say, 1994).

Osborne & Gaebler's remarked in their book that if a public organization produces goods or services that can be sold to customers, it can be structured as an enterprise. This applies to agencies that serve "external" customers, like citizens and

businesses. But it also applies to government's "external" providers —agencies that supply other public organizations with printing, vehicle maintenance and fleets, data processing, and other services (Osborne & Gaebler, 1993).

"The entrepreneur," Say wrote, "shifts economic resources out of an area of lower productivity and lesser yield and into an area of higher productivity and greater yield." An entrepreneur, in other words, uses resources in new ways to maximize productivity and effectiveness (Say, 1994).

The most powerful approach is to force public service-delivery organizations to function as business enterprises with financial bottom lines, preferably in competitive markets. This is called *enterprise management*. Rather than acquiring their revenues from government appropriations of tax dollars, these public enterprise earn money by selling goods and services directly to their customers. (Osborne & Gaebler, 1993)

### **2.5.6 Decentralization and Organizational Effectiveness**

Peter summed up that decentralization is a way of coping with problems in a manner that is more acceptable than most other alternatives. For "decentralization touches on a number of important themes in democratic theory...and in managerial theory...decentralization appeals to conservative ideologues who consider returning policies "to the people" or to the market to be the most efficient means of solving problems... It is a major component of schemes for "modernization" of the public sector." (Peter, 1998).

Moreover, Peter pointed out that among the benefits ascribed to decentralization are improved efficiency (smaller administrative units), improved public access and information (government closer to the people), and, as a direct consequence, better control and accountability. Deconcentration, which passes operating responsibility but not necessarily decision-making responsibility to lower levels, aims at basically the same objective (Peter, 1988).

Alice Rivlin pointed out that the following decentralization steps are important to improving the effectiveness of government administration:

- a) decentralization of authority within governmental units and devolution of responsibilities to lower levels of government;
- b) a re-examination of what government should both do and pay for, what it should pay for but not do, and what it should neither do nor pay for;
- c) downsizing the public service and the privatization and corporatization of activities;
- d) consideration of more cost-effective ways of delivering services, such as contracting out, market mechanisms, and user charges;
- e) customer orientation, including explicit quality standards for public services;
- f) benchmarking and measuring performance; and
- g) reforms designed to simplify regulation and reduce its costs (Rivlin, 1996).

## **2.6 Exhibit Cases of Government Reinvention at the Local Government Level in the United States**

Also, we can look at some exemplary case studies of government reinvention which will provide evidence to support my theoretical analysis through the following exhibits.

The National Center for Public Productivity at Rutgers University collected data and information regarding several local, state and federal agencies in order to prepare case studies on their experiences with government reinvention and on the improvement of organizational effectiveness. The cases are based on interviews with those involved in the process of reinventing government.

These cases have been reviewed and summarized here to provide a qualitative perspective for a predominantly quantitative methodological approach. The experiences of the state and local government agencies helped to elaborate the hypotheses and provided substantive meaning to the findings. These hypotheses delineated in the next chapter will be tested in this study.

The exhibits presented below give the reader an idea of what is the relationship between government reinvention and organizational effectiveness, and how the efforts of reinventing government improve the organizational effectiveness at the various levels of government throughout the United States.

### **2.6.1 Case 1. Marketization and Competition: Competition and Costing: Competitive Bidding in Indianapolis, Indiana**

"Competition and Costing: Competitive Bidding" is a program designed to make the public sector more competitive. Service delivery is improved through competition, rather than privatization. Instead of turning a city municipal service over to a private vendor, city municipal employees are encouraged to bid in competition with the private sector.

The marketplace in which cities operate has changed. Major cities no longer compete against each other for businesses and families. They compete against their suburbs, and they are losing. Suburbs generally offer lower taxes, less crime, better schools, and fewer environmental risks to businesses. Large numbers of businesses and families are migrating to the suburbs, leaving the financially disadvantaged behind. Indianapolis' effort to alleviate some of these structural disincentives to decrease migration to the suburbs largely rests on the provision of some city municipal services through competitive bidding. "Competition and Costing: Competitive Bidding" is a program designed to make the public sector more competitive. Service delivery is improved through competition, rather than privatization. Instead of turning a city municipal service over to a private vendor, city municipal employees are encouraged to bid in competition with the private sector. What makes competition possible is activity-based costing, a financial and accounting tool that determines the internal costs of government activities that city municipal employees can use in their bids. Competition improves the delivery of

services by making private sector vendors and city workers municipal custodians far more efficient and creative about how to provide improved services to city local residents at lower costs. By enabling city workers to compete fairly against private sector vendors, Indianapolis has reduced its budget by \$10 million. The savings are re-invested in the City, allowing Indianapolis to put more police officers on the streets, and to invest in a \$500 million infrastructure rebuilding program, the largest in the city's history, without raising taxes. The program emphasizes competition, innovation and entrepreneurial thought among city employees, together with the adaptation of activity – based costing to the public sector.

**2.6.2 Case 2. Marketization and Competition: The Southwest Florida Water Management District Supervisory Control and Data Acquisition Outreach Program, Southwest Florida Water Management District**

The Southwest Florida Water Management District Supervisory Control and Data Acquisition (SCADA) Outreach Program provides real-time information on weather and hydrologic conditions to local governments in eight Florida counties, State Emergency Management officials, three Federal agencies and numerous private entities serving in excess of three million residents in Florida at no additional cost.

Through public-private partnerships, the public receives enhanced services while program costs are actually reduced. The program uses an existing scientific

data collection network and turns it into a life and property saving mechanism. Real-time information on weather conditions is transmitted to local emergency management officials instantly so they can make evacuation and other life and property saving decisions. During Hurricane Georges ( September 1998), eight Florida counties relied upon this system to help them weather the storm safely. Additionally, temperature information is transmitted to farmers so they can use water wisely and protect their crops from frost damage. Last year this saved the economy of Florida several million dollars. This case study illustrates the utilization of an existing asset in a new way resulting in improved services and reduced program costs while serving the people. Excellence in government at its finest.

### **2.6.3 Case 3. Sense of Mission: Management by Unreasonable Objectives, City of Dayton, Ohio**

The City of Dayton was discouraged by the lack of an increase in productivity after incorporating MBO techniques. Out of frustration the Dayton political leadership decided to implement a different management approach, "Management by Unreasonable Objectives."

The new technique, Management by Unreasonable Objectives (MBUO), is a system that is used selectively to create significant change. The three basic tenets of MBUO are:

1. there must be a clearly stated objective;
2. the objective has to be so good that the workers and the managers

emphatically agree that it is a worthwhile goal; and

3.the objective must be so unreasonable that the workers and managers first response is that it cannot be achieved.

MBUO promotes innovation and encourages employees to think "outside the box." To reach unreasonable objectives, managers must break through the typical restraints of the mind. The results associated with these initiatives are substantial productivity, growth, increased revenues, and an efficient and proud staff.

#### **2.6.4 Case 4. Sense of Mission: The Orange County Fleet Management Productivity Improvement Plan, Orange County, Florida**

The Orange County Fleet Management Productivity Improvement Plan successfully evaluated all resources and established a program to save, recover, recycle, reclaim and reuse all resources.

Faced with a 66 percent growth in fleet size and a growth in staff size of less than 5 percent, the Orange County Department of Fleet Management needed a non-monetary means of increasing production. Labor and management decided to implement a variety of programs to increase productivity, improve customer satisfaction, and save taxpayer dollars. Programs such as employee participation in the hiring process, total quality management, expansion of working hours, job rotation, in-house GED training, conflict resolution, and a feedback production control program produced measurable results. The combined efforts reduced funding requirements by over 30 percent, reducing the budget requirement to \$7

million annually. The productivity efforts resulted in other desirable outcomes as well. Two laborers designed and built a large capacity oil filter crusher that saved fleet management over \$10,000, while helping to protect the Orange County environment. Studies show that one pint of used motor oil, improperly disposed, can pollute over 250,000 gallons of water. By using excess parts, the employees designed a cost effective way to crush and dispose of used oil filters thereby reducing the amount of disposable products by 75 percent.

#### **2.6.5 Case 5. Measured Results: The Process Improvement Initiative, State of Arizona**

The "Process Improvement Initiative" is a systematic effort to improve the child support collection system in the State of Arizona.

The Child Support Collection System in the State of Arizona had grown in fits and starts over the years. The system grew to reflect the many years of ad hoc processes that were designed to address specific problems, instead of addressing the entire system. The system over the years had become a monolith of outmoded procedures. The only way to correct the problem was through a complete review and overhaul of the entire system. The Process Improvement Initiative (PII) did not focus on restructuring the organization, but rather, on replacing outdated, ineffective processes with those that would increase the number of child support orders established and enforced, decrease cycle time and provide exemplary customer service. By removing scores of unnecessary steps, and streamlining hundreds more, the PII Team was able to recommend nineteen projects to

streamline processes and thus reduce the cycle time by 74 percent (the time it takes to work a case through establishment and collection of a child support order). Under the outmoded process, custodial parents waited 187 business days (over eight months) to start receiving child support. Under the new process, a child support order can be established in as little as 48 business days. By applying TQM principles to government, the Division of Child Support Enforcement (DCSE) implemented an innovative approach to problem solving that helped revitalize the agency. The employees in DCSE were not only responsible for identifying the problems, but also for designing and implementing the solutions.

#### **2.6.6 Case 6. Measured Results: Recreating Public Education for Results, Department of Education, Commonwealth of Kentucky**

A sweeping reform of Kentucky's educational system has resulted in a top-to-bottom overhaul of curriculum, finance, and governance from preschool through the 12th grade. Spurred by a 1989 state Supreme Court finding of widespread spending inequities throughout the public school system, the legislature passed the Kentucky Education Reform Act in 1990.

Since then, constant dollar spending on education is up 56 percent to nearly \$3.1 billion a year. Teacher salaries have increased more than 20 percent, and the state has poured \$220 million into upgrading technology in the schools. State and local taxes have been raised to equalize funding between poor and wealthy communities. Spending inequities have fallen by more than 50 percent.

But this reform initiative is about much more than money. Individual

schools are now directly accountable for academic achievement. School-based councils-- composed of teachers, parents, and principals--administer each school, and all schools must meet rigorous academic standards. Top performing schools are rewarded. Poor performers get help--with professional development for teachers, for example--but only for a while. Those that do not eventually improve receive sanctions, including dismissal of principals and teachers.

Student test scores have risen somewhat, but they are still below what the state government had initially sought to achieve. Nonetheless, Lexington is committed to the plan, which may be the most remarkable feature of the whole effort--the determination to persevere with comprehensive reform despite the long-term investment required.

#### **2.6.7 Case 7. Customer Orientation: Window on State Government (BBS), State of Texas**

The Texas State Comptroller's "Window on State Government" bulletin board system (BBS) was developed by the Comptroller's Research and Application Systems Divisions in an effort to more widely distribute data and information to the citizens of the state.

The Window program utilizes an IBM-compatible 486 PC, some standard BBS software and 16 modems. At any time – 24 hours a day, seven days a week, the general public may dial into the system using a 1-800 number if calling inside Texas to access data and download files to their own personal computer. Some of the data available to users include: gross and retail sales by city, county and metro

area; employment data by region and metro area; Texas economic indicators; Texas population forecast; Local allocation data by city; State spending by category and year; State revenue by source; the Policy Research and Exchange Program; Statewide elected officials and legislators; the State and Federal Grant Directory; the State Purchasing and Historically Underutilized Business (HUB) program; and the text of the North America Free Trade Agreement and the National Performance Review. Window also allows users to connect to bulletin board systems in other states, free of charge. Some of the dial-out options include: Texas Department of Commerce; "Texas Marketplace;" Texas Employment Commission BBS; Texas Parks & Wildlife Department; "The Outdoor BBS;" Texas Ethics Commission BBS; Office of the Governor; "Texas Victims Assistance Network;" and the Texas Cancer Council BBS.

As the principal tax administrator and chief fiscal officer for the state, one of the comptroller's functions is to compile and maintain tax and economic data. The Comptrollers Office receives thousands of data requests from individuals, companies and government agencies throughout the state. This agency confronts the challenge of distributing this data in a timely, cost-effective manner. The (bulletin board system is in keeping with the comptroller's philosophy of "open government," and making the government more responsive to the citizens of the state. As part of the comptroller's strategic plan, one of the agency's primary goals is to "maximize customer service satisfaction by improving services while minimizing administrative burdens on those we serve."

### **2.6.8 Case 8. Customer Orientation: The General Relief Interagency Project (GRIP), Ventura County, California**

The General Relief Interagency Project (GRIP) is an integrated service delivery system for general relief (GR) clients in Ventura County, California. The intent of the program is to reduce the length of time an individual stays on GR and gain reimbursement of costs by assisting clients with the Social Security process.

California state law mandates that counties provide for indigent persons who do not qualify for other types of aid. The "General Relief" (GR) program, which is totally county-funded, meets this mandate, and is operated by Ventura County's Public Social Services Agency (PSSA). General Relief costs were increasing dramatically year after year, as the general economic climate continued to deteriorate. The GRIP project brought together staff from PSSA, Mental Health, and Alcohol and Drug Programs to provide integrated coordinated services to GR clients. The GRIP program encompasses a variety of public services needed by General Relief recipients to assist them in leaving the program as quickly as possible. These services include: job placement; job searching techniques; initiation, coordination and monitoring of program development agreements with appropriate social services agencies; necessary case management services for employable and unemployable GR recipients; and advocacy and intervention with Social Security to assure that GR recipients who qualify for SSI apply and expedite the SSI applications; as well as to ensure that the county obtains repayment from the initial SSI retroactive check. The philosophy of the program is

to provide services to the client for their long-term benefit. In addition to the services rendered, the program attempts to project an attitude that the recipients need to be held accountable for their actions and to be responsible for themselves to the extent that they are able.

General Relief, in of itself, primarily provides food and shelter but there are other needs that were not being met. Many (GR) clients were not able to become employed because of mental problems or limitations, drug and/or alcohol dependency, homelessness and physical disabilities. If they were able to work, they lacked the necessary skills to secure and maintain employment. There were also a large number of clients who were totally disabled but unable to complete the Social Security application process. Yet the successful strategies of the GRIP program have resulted in continuous caseload and expenditure decreases. Expenditures through March 1994 were \$760,200 compared to expenditures of \$1,407,500 for the same period in 1991-92 - a reduction of \$647,4000. In addition, Ventura County increased SSI repayments by \$342,000.

#### **2.6.9 Case 9. Entrepreneurialism: The New York State Partnership for Long Term Care, State of New York**

The New York State (NYS) Partnership for Long Term Care (LTC), implemented in 1993, emphasizes shared responsibility for financing Long Term Care by offering New Yorkers an alternative way to pay for their LTC. The Partnership targets middle-income citizens for participation based on the rationale that while they cannot pay for long-term healthcare services, they could afford

quality long term care insurance coverage.

New York State nursing home costs are among the highest in the nation, with an average monthly charge in excess of \$5,333. Before the Partnership, New Yorkers faced a Hobbesian choice: pay out-of-pocket and risk impoverishment, or transfer assets to appear impoverished. Regardless of the route to impoverishment, most people come onto the Medicaid program, which then pays for their LTC at taxpayers' expense. Yet the Partnership provides a disincentive for purchasers to rely primarily on Medicaid to pay for their LTC by offering "total asset protection." New Yorkers qualify for Medicaid eligibility after approved LTC insurance benefits are exhausted. The premise of the Partnership is that it holds the potential of significant savings to the Medicaid program over time as more people, who would have spent down or transferred assets from the program, purchase LTC insurance. The core resource of the Partnership is the cooperative relationship between participating insurance companies and the New York state government.

#### **2.6.10 Case 10. Entrepreneurialism: The Bulk Lien Sale Initiative, Jersey City, New Jersey**

The Jersey City "Bulk Lien Sale Initiative" addressed the city's impending bankruptcy and subsequent state takeover. The Jersey city municipality faced a \$40 million deficit in a \$280 million budget which was created by an extremely low tax collection rate of 78%, just three points above the 75% collection rate that triggers a state takeover of municipal finances.

State law mandates that municipalities must budget a reserve to compensate

for uncollected property taxes. Historically, this dedicated reserve was funded through a higher property tax rate, which generally caused collections to fall further because residents could not afford to pay their taxes at the higher rate. In the case of Jersey City, the tax increase to fund the mandated \$40 million reserve would have been so high that the collection rate would surely have dropped below 75%. The mayor devised a way to sell Jersey City's tax liens in bulk. Usually, tax liens are sold individually, resulting in the most attractive liens being assumed, with little hope of moving those which are less attractive. The bulk sale enabled Jersey City to sell \$44 million in tax liens, thereby maintaining municipal services to residents while lowering their property taxes. For those homeowners who considered moving out of Jersey City due to high taxes, the bulk lien sale initiative provided an incentive for them to remain in their Jersey City homes. By preventing a further exodus from Jersey City the tax base has been stabilized and the city was able to increase their tax collection rate. This has set the stage for future tax reduction and put the city on sound fiscal footing. By virtue of the bulk lien sale initiative, the city averted bankruptcy, lowered taxes from \$38.98 to \$36.38 per \$1,000 of assessed value, maintained services, and increased the tax collection rate from 78% to 90%.

#### **2.6.11 Case 11. Decentralization: The Washington Personnel Programs, State of Washington**

The Washington State Department of Personnel recently implemented two innovative initiatives designed to attract the "best and brightest" to public sector

careers. The Washington Management Services streamlined the personnel system for the state's 2,500 plus middle level managers and the Executive Search Services effectively designs and carries out a proven method for identifying, screening, interviewing, and ultimately hiring top-level executives for state government.

The resulting positions retain the protections of the civil service system, but are covered by a separate set of personnel rules which emphasize flexibility, decentralization, and individual accountability. In fact, the Washington Management Service does away with traditional civil service standards, such as job classifications, recruitment registers, and salary ranges. Instead, a point factor evaluation system is used to place each position into one of four broad management bands, which provide parameters for salary determination. Meanwhile, the Executive Search Services program designs and leads nationwide inquests for director, deputy director, and assistant director type positions. The main purpose of this service is to provide quality public sector executive recruitment expertise at a very reasonable price (one-fifth the national average of a private search firm). Executive search services are available to any state agency, board, commission, or institution of higher education. In addition, the program provides services to public sector entities such as cities, counties, port districts, other states, and the federal government.

#### **2.6.12 Case 12. Decentralization: Interagency Coordination, Houston, Texas**

"Interagency Coordination" made it possible to strike a balance between the major capital improvement projects undertaken by various city, county and state

agencies in the Greater Houston area. The opportunity to make interagency cooperation viable began soon after the start of the Greater Houston Wastewater Program (GHWP), a division of the municipality's Department of Public Works and Engineering.

The GHWP was established by the City of Houston in response to a need to control wastewater overflows as mandated by the federal government's Environmental Protection Agency and the Texas Natural Resources Conservation Commission. Work being done by the GHWP involves the expenditure of over \$1 billion in three years, most of it in sewer rehabilitation and new relief sewers. The construction work, affecting a large part of the 5,600 mile sewer collection system, and covering almost the whole of Houston, is clearly on a scale never seen before. To minimize the construction impact of this work, and avoid conflicts with other agencies, an Interagency Coordination Committee was formed by the GHWP in early 1993. It is comprised of representatives from the various city, county and state agencies involved in construction activity within the Greater Houston area, including GHWP, city roads, water, the Harris County Engineer's Department, and the Harris County Flood Control District, Metro: and the Texas Department of Transportation. This committee met on a regular basis, collating all available data on current and future projects within their respective capital improvement programs. It became apparent that the large number of projects involved would require the use of a Geographical Information System (GIS). Intergraph equipment and software was selected for the graphical display and database of all the

projects. Layering allows the plotting of each agency's projects on a map or digital orthophoto base for visual checking. Color coding of the projects permits immediate identification of the relevant agency or division responsible. To date, some 3,300 projects have been identified and incorporated into the records representing ten agencies or divisions of an agency. The results achieved from this initiative have demonstrated the cost benefit of the coordination effort, not only to the Greater Houston Wastewater Program but to the other agencies. Communication between the agencies has improved, conflicts identified, and resolutions reached. Any initial skepticism that may have existed has changed into unreserved enthusiasm. The program addresses two issues: the costs associated with additional construction and contractor delay claims, and citizens' dissatisfaction, either of which may result from construction conflicts which may occur through a failure of agencies to plan ahead. "Conflict" is defined in different ways according to the specific case. Simultaneous construction by two agencies on a certain street is an obvious example. Another example would be a resurfaced road being affected by trench excavation within say two years of completion of the paving work. Prolonged disruption to a neighborhood or to businesses through sequential work which might restrict traffic flow or adversely affect the public patronage of businesses for an unreasonable amount of time would also qualify as a conflict. The total cost to the Greater Houston Wastewater Program for the Interagency Coordination effort to date is approximately \$305,000 inclusive of labor and non-labor. This represents the cost of setting up the system, collecting

data from all the participating agencies and preparing the first volume of color graphics for each agency together with a data listing of over 3,300 projects. It is a living document and will require regular and routine updating. The cost to GHWP of providing this ongoing service is expected to be between \$30,000 and \$40,000 a month. To put this in perspective, the Greater Houston Wastewater Program is entering the principal construction phase of rehabilitation and relief sewer construction, with projects totaling approximately \$1.1 billion. Construction began in 1994 and was completed by December 1997, with an average expenditure of \$23 million per month. Approximately 85 percent of this will be in street right-of-way. In other words, 0.17 percent of the construction cost is being spent to avoid conflicts. The benefits clearly outweigh the costs.

## **CHAPTER 3**

### **THEORETICAL FRAMEWORK AND HYPOTHESES**

#### **3.1 Structure of the Study**

Given the emphasis on the relationship of the government reinvention approach upon organizational effectiveness, this study will be focused primarily on a theoretical treatment of the subject in three parts:

(1) Conceptualization of government reinvention (i.e., marketization and competition; customer orientation; measured result; sense of mission; decentralization; and entrepreneurialism) and organizational effectiveness;

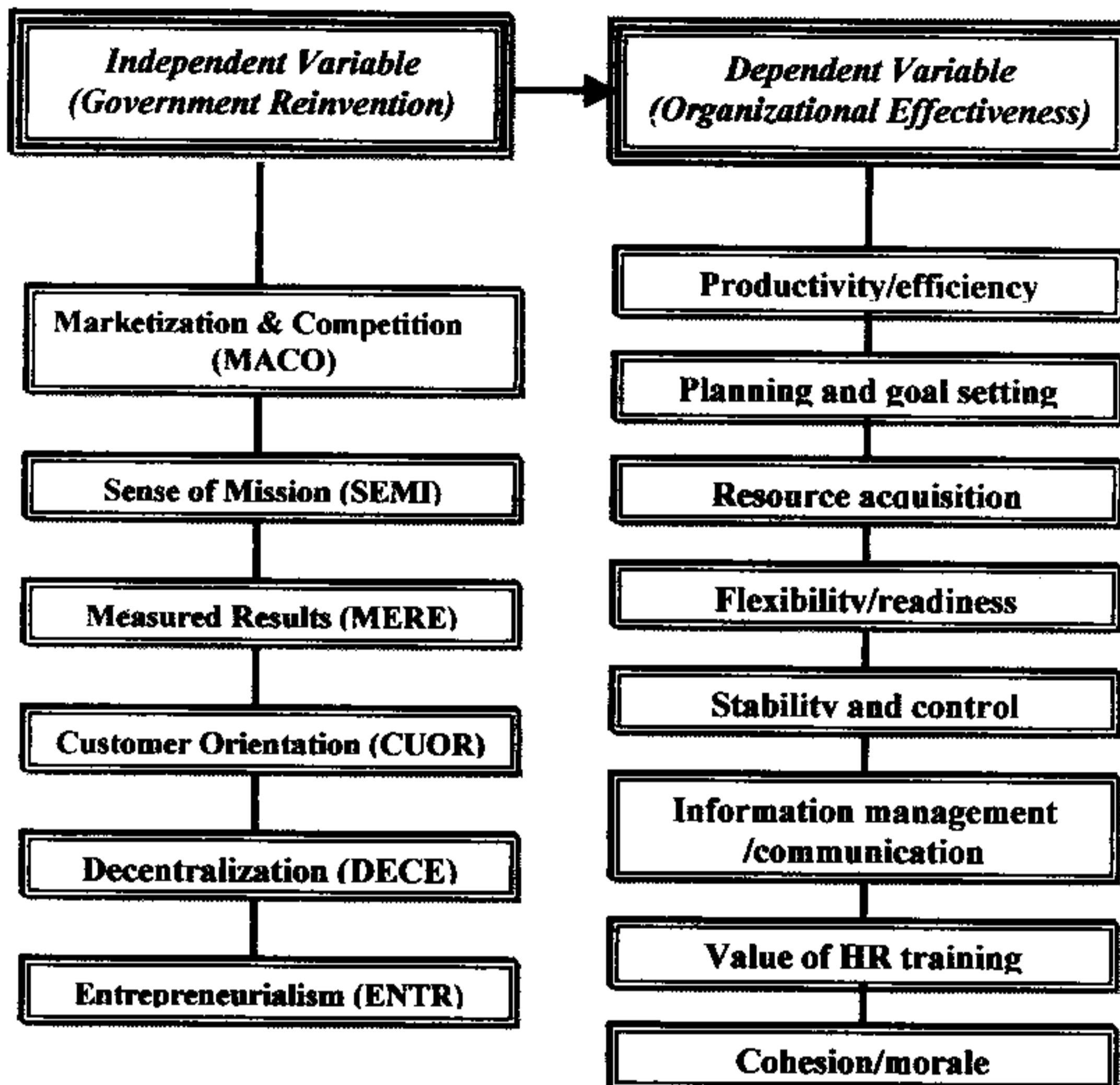
(2) A discussion of the proposed model and structural equations of the proposed model for analysis of government reinvention and organizational effectiveness to be adopted in this study; and

(3) Regarding the relationship between government reinvention and organizational effectiveness, a series of propositions will be hypothesized. An analysis of the independent variables, government reinvention, also will be included in order to guide a proper and comprehensive examination of its functional qualities.

#### **3.2 Variables for the Analysis**

The operational definitions of the variables of interest to this analysis, and used throughout this report, are listed below.

**Figure 3.1 Design Theoretical Framework for the Research:**



### 3.2.1 Independent Variables:

There are six principles drawn from Osborne and Gaebler, Gore, Peter, and other scholars concerning the government reinvention approach that are ready to be examined by quantitative research and through the inclusion of case studies.

These six principles can be defined as follows:

1. ***Marketization and Competition*** - "Market-Oriented and Competitive Government: Leveraging Change Through the Market and Injecting Competition into Service Delivery";
2. ***Measured Results*** - "Result-Oriented Government: Funding Outcomes, Not Inputs";
3. ***Sense of Mission*** - "Mission-Driven Government: Transforming Rule-Driven Organizations";
4. ***Customer Orientation*** -- "Customer-Driven Government: Meeting the Needs of the Customer, not the Bureaucracy";
5. ***Entrepreneurism*** - "Enterprising Government: Earning Rather Than Spending";
6. ***Decentralization*** - "Decentralized Government: From Hierarchy to Participation and Teamwork".

Operational definitions or indicators of these six independent variables are:

- (1) **Marketization and Competition** -- the extent to which using market and competition mechanisms in the field of government administration so as to improve or enhance the quality and quantity of service delivery.
  - Public/private partnerships
  - Contracting-out and outsourcing
  - Managing demand through user fees
  - Internal competitive mechanism (organization)

-- External competitive mechanism (market)

(2) **Sense of Mission** -- the extent to which the outcomes generated by agency operations is measured as an important aspect of operations.

-- Reduce accumulated rules and regulations

-- Budgeting based on mission

-- Clear mission statement or goal

-- Mission-driven culture

-- Motivation of performance

-- Quality control

(3) **Measured Result** -- the degree to which based upon evidence that the personnel clearly understood the mission of the agency, viewed their work as important, and was zealous in executing it.

-- Merit system of paying for performance

-- Managing for performance (TQM)

-- Outcome/results budgeting

-- Information for designing outcomes budget

-- Performance measurement

(4) **Customer Orientation** --- the degree to which special efforts were made to ascertain or adjust to the needs of the organization's clients, which are defined as the most direct beneficiaries of the organization's performance.

-- Measurement of customer service

- Customer comes first
- Client Responsiveness
- Social responsibility
- Client-oriented directions of policy making
- Governmental public relations

(5) **Entrepreneurialism** ---- the extent to which the organization delivers public services in a manner similar to a business profitably and economically.

- Raising money by charging service fees
- Knowing how to spending money
- Impact fees for pricing the activities
- Running business like the private sector

(6) **Decentralization** ---- the degree to which delegation of authority is exercised throughout the organization or system either through a flattening of the hierarchical structure, participation or teamwork.

- Participatory management
- Flattening the organizational hierarchy
- Teamwork organization
- The delegation of financing and budgets

This study will use these six operational definitions as its hypothesis. Because these six principles described above are explicitly mentioned in the theoretical texts of Osborne and other reinvention theorists the reinventing

government paragon claims several unique literary origins). Of course, the government reinvention model described above does not contain every element put forth by Osborne and Gaebler and other reinvention theorists. Several components of the reinvention vision, such as catalytic government (steering rather than rowing), anticipatory government (prevention rather than cure), community-owned government (empowering rather than serving), are characteristics more of entrepreneurial reform designs than that of institutional operations. However, the components of the government reinvention model previously listed capture enough of the underlying theoretical framework attributed to Osborne's reinvention school that they should provide a sufficient basis for testing the accuracy of the government reinvention hypotheses.

### **3.2.2 Dependent Variables**

The literature on *organization effectiveness* is rich in studies in which the criterion for assessment is derived from organizational goals developed in the 1970s. It refers to the overall performance of the agency in seeking to fulfill its institutional mandate (Osborne and Gaebler 1993: 351). Thus, the terms **effectiveness** and **performance** will be used interchangeably in this study. *Organizational effectiveness* is determined with reference to the cooperative system as a whole because "the test of effectiveness is the accomplishment of a common purpose or purposes" and, more importantly, "effectiveness can be measured" (Barnard 1968 [1938]: 60). This study tries to focus on the relationship

between government reinvention and organizational effectiveness by utilizing the competing values approach.

This dissertation will use the competing values approach of *organizational effectiveness* developed by Quinn and Cameron (1979, 1990), which integrates diverse set of indicators used by managers to gauge effectiveness. Therefore, the operational definitions or indicators of *organizational effectiveness* can be divided into eight groups:

**Table 3.1 Operational Definitions of Organizational Effectiveness**

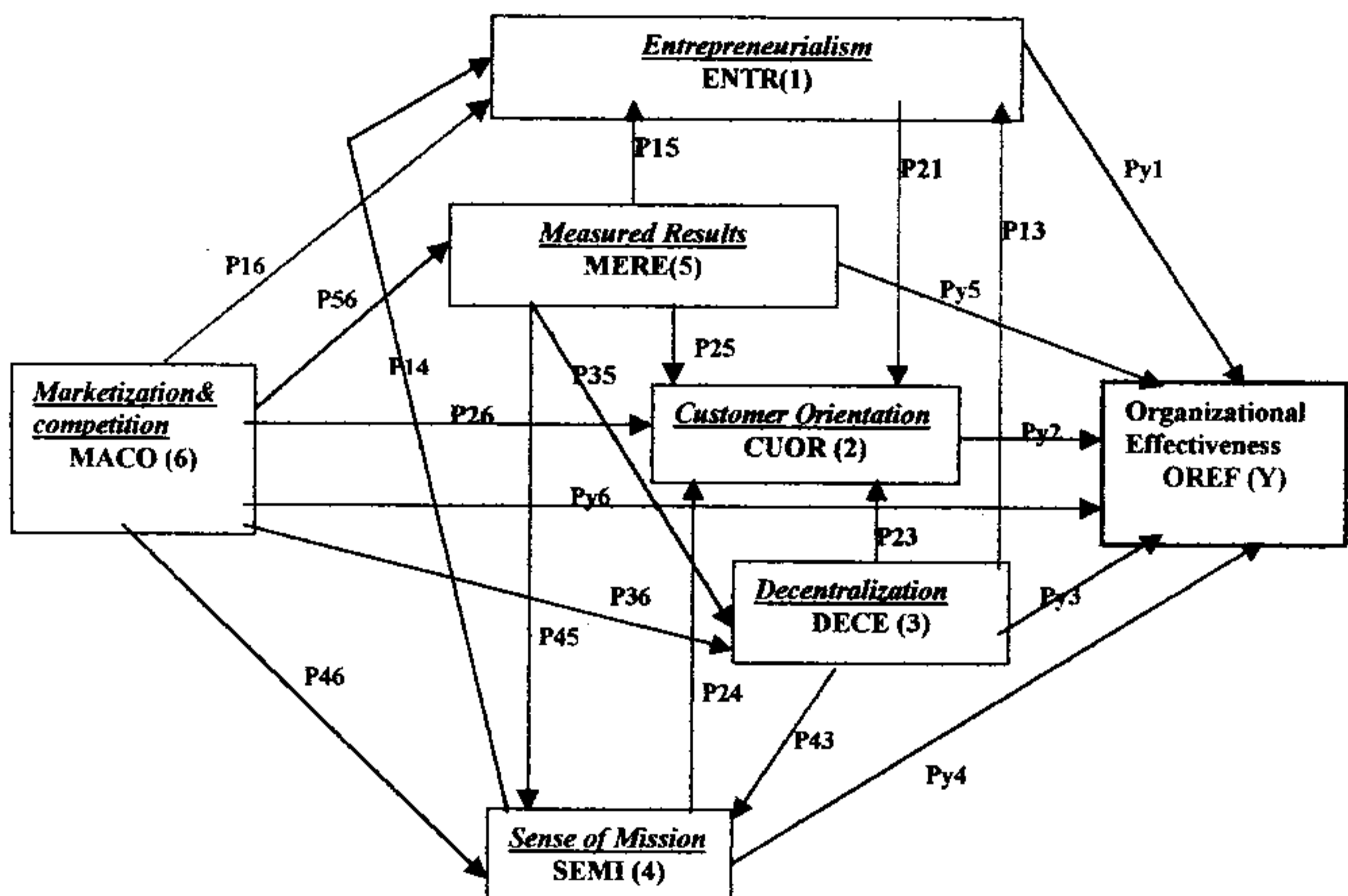
| <b>Definitions of Eight Factors of Organizational Effectiveness</b> |   |
|---|---|
| <b>OREF1</b>  | Productivity/efficiency. Volume of output, the ratio of output over input.                                    |
| <b>OREF2</b>  | Planning and goal setting. The amount of emphasis on the planning, objective setting, and evaluation process. |
| <b>OREF3</b>  | Resource acquisition. The capacity to capture assets and develop external support.                            |
| <b>OREF4</b>  | Flexibility/readiness. The ability to adapt to shifts in external conditions and demands.                     |
| <b>OREF5</b>  | Stability/control. Smoothness of internal conditions, continuity, equilibrium.                                |
| <b>OREF6</b>  | Information management/communication. Sufficiency of information flows, adequacy of internal orchestration.   |
| <b>OREF7</b>  | Value of human resources training. The enhancement and maintenance of overall staff capacity.                 |
| <b>OREF8</b>  | Cohesion/morale. The level of communality and commitment among the staff members.                             |

Source: Revised from Robert E. Quinn and Kim Cameron (1979, 1990).

### 3.3 Proposed Model for Analysis

Following the conceptual model described above, the proposed model for analysis is shown in Figure 3.2.

Figure 3.2 Proposed Model for Analysis



From Figure 3.2 the interrelationship between variables can be described by the following path coefficients:

$P_{y1}$  = Path coefficient between *Organizational Effectiveness* and *Entrepreneurialism*

$P_{y2}$  = Path coefficient between *Organizational Effectiveness* and *Customer Orientation*

$P_{y3}$  = Path coefficient between *Organizational Effectiveness* and *Decentralization*

$P_{y4}$  = Path coefficient between *Organizational Effectiveness* and *Sense of Mission*

$P_{y5}$  = Path coefficient between *Organizational Effectiveness* and *Measured Results*

$P_{y6}$  = Path coefficient between *Organizational Effectiveness* and *Marketization and Competition*

$P_{13}$  = Path coefficient between *Entrepreneurialism* and *Decentralization*

$P_{15}$  = Path coefficient between *Entrepreneurialism* and *Measured Results*

$P_{16}$  = Path coefficient between *Entrepreneurialism* and *Marketization and Competition*

$P_{21}$  = Path coefficient between *Customer Orientation* and *Entrepreneurialism*

$P_{23}$  = Path coefficient between *Customer Orientation* and *Decentralization*

$P_{24}$  = Path coefficient between *Customer Orientation* and *Sense of Mission*

$P_{25}$  = Path coefficient between *Customer Orientation* and *Measured Results*

$P_{26}$  = Path coefficient between *Customer Orientation* and *Marketization and Competition*

$P_{35}$  = Path coefficient between *Decentralization* and *Measured Results*

$P_{36}$  = Path coefficient between *Decentralization* and *Marketization and Competition*

$P_{43}$  = Path coefficient between *Sense of Mission* and *Decentralization*

$P_{45}$  = Path coefficient between *Sense of Mission* and *Measured Results*

$P_{46}$  = Path coefficient between *Measured Results* and *Marketization and Competition*

$P_{56}$  = Path coefficient between *Marketization and Competition* and *Sense of Mission*

The structural equations of the proposed model for analysis are as follows:

$$(1) \text{ ENTR} = P_{13} \text{ DECE} + P_{15} \text{ MERE} + P_{16} \text{ MACO}$$

$$(2) \text{ CUOR} = P_{21} \text{ ENTR} + P_{23} \text{ DECE} + P_{24} \text{ SEMI} + P_{25} \text{ MERE} + P_{26} \text{ MACO}$$

$$(3) \text{ DECE} = P_{35} \text{ MERE} + P_{36} \text{ MACO}$$

$$(4) \text{ SEMI} = P_{43} \text{ DECE} + P_{45} \text{ MERE} + P_{46} \text{ MACO}$$

$$(5) \text{ MERE} = P_{56} \text{ MACO}$$

$$(6) \text{ OREF} = P_{y1} \text{ ENTR} + P_{y2} \text{ CUOR} + P_{y3} \text{ DECE} + P_{y4} \text{ SEMI} + P_{y5} \text{ MERE} + P_{y6} \text{ MACO}$$

**Variable Descriptions:**

OREF = *Organizational Effectiveness*

ENTR = *Entrepreneurialism*

CUOR = *Customer Orientation*

DECE = *Decentralization*

SEMI = *Sense of Mission*

MERE = *Measured Results*

MACO = *Marketization and Competition*

### **3.4 Hypotheses of Reinventing Government for Testing**

There are six hypotheses derived from six independent variables of the *government reinvention* approach (which are) to be tested as follows:

**Hypothesis 1:** *Entrepreneurialism, customer orientation, decentralization, sense of mission, measured results, and marketization and competition, characteristics associated with the reinventing government model, have a direct impact upon organizational effectiveness at the local government level.*

**Hypothesis 2:** *Marketization and competition, decentralization, sense of mission, measured results, and customer orientation, through the application of the entrepreneurialism (variable), have an indirect impact upon organizational effectiveness at the local government level.*

**Hypothesis 3:** *Marketization and competition, entrepreneurialism, decentralization, sense of mission, and measured results, through the application of the customer orientation variable, have an indirect impact upon organizational effectiveness at the local government level.*

**Hypothesis 4:** *Marketization and competition, entrepreneurialism, customer orientation, sense of mission, and measured results, through the application of the decentralization variable, have an indirect impact upon organizational effectiveness at the local government level.*

**Hypothesis 5:** *Marketization and competition, entrepreneurialism, decentralization, customer orientation, and measured results, through the application of the sense of mission variable, have an indirect impact upon organizational effectiveness at the local government level.*

**Hypothesis 6:** *Marketization and competition, entrepreneurialism, decentralization, sense of mission, and customer orientation, through the application of the measured results variable, have an indirect impact upon organizational effectiveness at the local government level.*

## **CHAPTER 4**

### **RESEARCH METHODOLOGY**

#### **4.1 Data Collection**

Data for this study was collected by means of a detailed questionnaire distributed through governmental channels from the summer to the autumn of 1998. The size of the population sampling is large and is composed of officials at the state and local government level in the United States. The survey was conducted in order to collect information from the respondents concerning public administrative reforms undertaken at the state and local government levels throughout the United States during a five-year period beginning in 1993. Drawing the sample population from these state and local governmental officials, approximately five hundred questionnaires were distributed to employees and heads of departments or agencies or mayors and city managers working in the government at various levels. A total of half completed surveys were returned thereby culminating in a response rate of 40%. The surveys consisted of two groups of respondents. The sample population came from a list provided by the National Center for Public Productivity (NCPD) at Rutgers University, New Jersey. The questionnaires were distributed to state and local governmental officials by mail through the National Center for Public Productivity (NCPD),

Rutgers University, New Jersey. The sampling method employed is stratified random sampling.

## **4.2 Survey Methods**

The Research Data was collected by means of a detailed questionnaire distributed through governmental channels. The questionnaires were distributed to employees and heads of departments or agencies or mayors and city managers working in the government at various levels. The questionnaires were distributed to state and local governmental officials by mail through the National Center for Public Productivity (NCP) at Rutgers University, New Jersey.

This study as a research project was supported by the National Center for Public Productivity (NCP) at Rutgers, the State University of New Jersey. The research survey was completed under the direction of Professor Marc Holzer, Executive Director of the NCP, Director of Ph.D. Program in Public Administration, and the President of the American Society of Public Administration in 2000. This study was conducted from May 1998 to February 1999. Professor Marc Holzer assisted in developing the research framework and in correcting the proposal. He provided a lot of significant suggestions for improvement of this study.

The units of analysis in this study are state and local government organizations (i.e. state agencies, municipalities and counties). Data for analysis was collected by means of a national, cross-sectional mail questionnaire entitled *National Center for Public Productivity Survey on Reinventing Government and Organizational*

*Effectiveness.* Drawing the sample population from these state and local governmental officials, approximately 500 questionnaires of a cross-sectional survey were distributed to employees and heads of departments or agencies or mayors and city managers working in the government at various levels. The overall response rate was 40.8% in which 204 responded to the survey. Approximately 25 of the 500 were returned directly without opening due to an incorrect mailing address.

The survey participants were drawn from lists of respondents to a survey conducted in October 1996 by the Government Accounting Standards Board (GASB), USA. The list of survey mailing addresses was provided by the National Center for Public Productivity, Rutgers University, USA.

In October 1996, the Government Accounting Standards Board (GASB) conducted a national survey seeking general information regarding the use of performance measures by state and local government entities across the country. The GASB sent out 5,013 surveys to its own members and to people in mailing lists drawn from the Government Financial Officers Association (GFOA), the International City Management Association (ICMA), and the National Association of College and University Business Officers. Approximately 900 people responded.

A list of the respondents' names and addresses was obtained from the GASB through the NCPP, Rutgers University. Of the 900, only approximately 500 were selected as appropriate to participate in this study because they worked for either a state agency, a county government, or a municipal government. Those not included in this study were respondents who worked for schools districts, colleges or universities, and special

authorities. This study using the list provided by the National Center for Public Productivity (NCPPI), Rutgers University, functioned as part of a serial effort to continue the research into the improvement of public productivity and performance measures.

### **4.3 The Survey Instrument**

As previously mentioned, data for this study was obtained by means of a questionnaire mailed nation-wide. The questionnaires were distributed in different states. The entire process, from the drafting of the questions to the mailing of the actual questionnaire, took approximately eight months.

First, questions were drafted based on the literature review conducted for this study. Second, experts on the *reinventing government* approach were asked to criticize the questions. Based on discussions with the experts and their critiques, the questions were either deleted or modified and then resubmitted. Most of the discussions were around the issues of content validity and item reliability.

The following steps were taken to construct the summated scales:

Constructs were defined. This step took several sub-steps including deriving the constructs from the theoretical framework of this study, and refining the constructs based on the literature reviews and discussions with experts on *reinventing government*. Further, the presentation of the theoretical framework of this study to the Ph.D. Student Forum on Public Administration at Rutgers University helped to develop the constructs.

Scales were designed. This consisted of selecting the anchors or response choices, quantifying the responses, and writing the questions and statement or items that make up the scale. Three different response choices were used: *agreement* - asked the respondents the extent to which they agreed with a statement; *evaluation* - asked the respondents to provide a rating indicating the extent to which certain activity has been taking place in their organization; and *frequency* - asked the respondents the extent to which each item has occurred. The scales used range in value from 1(the lowest) to 5(the highest) by using five-point Likert-type scales.

Once the second step was completed, a survey was designed and pilot tested. In March 1998, the survey was pilot tested initially with a group of 50 state and local government employees in the state of Indiana with characteristics similar to those who will be chosen as respondents for this study. The second pilot test was distributed to the Ph.D. Students in the Public Administration Program at Rutgers University for theoretical revision in September 1998. The third pilot test was distributed to the mayors or city managers, or municipal administrators in the state of New Jersey in September 1998. Based on the answers and comments to these questions, items on the survey were further refined and some were deleted. The format of the questionnaire form also was refined. Particular attention was paid to the items involving the constructs "reinvention" and "effectiveness", for these elements seemed to generate the greatest concern among reviewers of the questionnaire.

The final survey instrument consisted of 46 open and closed-ended items divided into 6 sections. These sections, which can be found in the copy of the survey provided in Appendix A, are:

- 1) **Reinventing Government** — the survey asked for information about the implementation of the *reinventing government* approach in state and local government. Moreover, certain questions (concern) marketization/competition, enterprenurialism, measured results, customer orientation, sense of mission, and decentralization.
- 2) **Organizational Effectiveness** — the survey asked about the organization's performance, such as productivity/efficiency, planning and goal setting, resource acquisition, flexibility/readiness, stability/control, information management/communication, value of human resource training, and cohesion/morale.
- 3) **Demographics** — the survey asked for demographic information about the organization and respondent such as agency, state, position, experiences, employee number, budget, etc.
- 4) **Final Comments** — Open to any opinions about *reinventing government* and *organizational effectiveness*.

With the exception of those few questions soliciting comments and demographic data, respondents were asked to check boxes that described the extent to which certain statements applied to their organization. The survey was printed on an 8." by 17" two-sided sheet folded in half.

Because of the nature of the questions asked, to encourage candid responses and to help increase the response rate, a decision was made to make the survey anonymous. This decision was based on the comments made to the researcher by those who participated in the pilot test. Again, items that elicited the greatest concern were those regarding the questions on reinventing government and organizational effectiveness.

#### **4.4 Mailing and Response Rate**

The questionnaires were mailed on October 27, 1998. The whole package was sent by first-class mail. No stamps were provided to respondents for returning the completed questionnaire. The assumption was that their employing organization would readily supply the postage, and thus the cost of return mail was not a deterrent of response. The cover letter assured the respondents anonymity and asked them to complete the questionnaire whether or not they had a government reinvention. The researcher's telephone number and e-mail address were also provided in case any of the respondents had questions concerning the study. 12 respondents sent email for information.

The letterhead of Rutgers University and the National Center for Public Productivity, Graduate Department of Public Administration was used for the cover letters as well as for the return envelope. According to Babbie (1990), studies on response-increasing techniques consistently point out that University

sponsorship tends to improve response rates as well as printing the questionnaire on certain colors.

After 15 days of mailing, the overall response rate was 40.8 or 204 out of 500 (500 surveys sent minus 25 undeliverable as addressed). Although there are no statistically based rule for an acceptable response rate, Babbie (1990), reports that at least 40% is generally considered adequate for analysis and reporting with 70% or more being very good.

#### **4.5 Measurement of Reinvention Approach Variables**

Reinvention approach variables measures used in this study include marketization and competition, customer orientation, measured result, sense of mission, decentralization, entrepreneurialism, etc. The measures of reinvention variables mainly based on the works of Osboren and Gaebler. The following gives a brief overview of the measures of reinvention approach. (Appendix B provides details of all measure of reinvention together with Appendix E reliability statistics where appropriate.)

***Marketization and competition.*** The extent of marketization and competition in the organizational management are used to develop a composite measure of marketization and competition. For each subvariable, respondents' perceptions about the extent of marketization and competition will be divided as rules and regulations, information provision and feedback, catalyzing private sectors, changing public investment policy, acting as a broker, pricing activities

through impact fees, managing demand through user fees, measuring market reflection, creating an internal competitive mechanism, and creating an external competitive mechanism. These ten factors will be measured using five-point Likert-type scales ranging from strongly disagree (1) to strongly agree (5). Mean values of these scales are measures of perceived marketization and competition. The composite measure of marketization and competition is an average of these ten measured factors.

***Measured result.*** Six factors represented measured result in the organization such as merit pay system, managing by TQM, outcome budgeting, inputs information, measurement of financial outcome, and quality measured by feedback will be used to develop a composite measure representing sense of measured result characteristics of reinvention in the organization. They are all measured using five-point Likert-type scales ranging from strongly disagree (1) to strongly agree (5). Mean values of these scales are measures of perceived measured result. The composite measure of the factors is an average of the perceived sense of measured result features.

***Sense of mission.*** Eliminating accumulated rules and regulation, mission-budget system, mission-oriented personnel system, clear mission statement, motivation of performance, managing by MBO, and quality control are used to develop a composite measure representing sense of mission of reinvention in the organization. They are all measured using five-point Likert-type scales ranging from strongly disagree (1) to strongly agree (5). Mean values of these scales are

measures of perceived sense of mission. The composite measure of the factors is an average of the perceived sense of mission.

***Customer orientation.*** The measured eight factors in customer orientation include regular quality measures of service, customer information, value of customer's interest coming first, listening voice of customers, client responsibility, high promised quality of service, client-oriented direction of services in decision-making, public relations with customers. The measure scale relates to the extent of perceived customer service in the organization. This is a five-point Likert-type scale ranging from strongly disagree (1) to strongly agree (5). Mean values of these scales are measures of perceived customer orientation. A composite measure of the factors is an average of the standardized scores on these scales.

***Entrepreneurialism.*** Six five-point Likert-type scales relating to the enterprising public organization methods that characterize a extent of reinvention will be used to measure the factors such as profit motivation, charging service fees, spending money to save money, investing for return, turning managers into entrepreneur, and operating like private sector. The scales used range still from strongly disagree (1) to strongly agree (5). Mean values of these scales are measures of perceived entrepreneurialism. The composite measure of the factors is an average of the perceived extent of entrepreneurialism.

***Decentralization.*** The six factors will be used to include participatory management, flattening the organizational hierarchy, hierarchical departmental decentralization, horizontal regional decentralization, teamwork, delegation and

autonomy of finance and budgeting. Five-point Likert-type scales relating to the decentralization methods that characterize an extent of reinvention will be used to measure these factors by perceived information. Mean values of these scales are measures of perceived decentralization. The composite measure of the factors is an average value.

#### **4.6 Measurement of Organizational Effectiveness Characteristics**

The measurement of organizational effectiveness is based on the responses of respondents to achievement or attainment of organizational performance in administrative reforms in PRC and USA since 1993. The respondents are all heads of departments or managers of agencies in the municipal governments. This is a subjective estimated measurement in term of responses of the subjects. In the operation, the empirical study of organizational effectiveness has been characterized by attempts at developing a more meaningful and comprehensive representation of organizational effectiveness characteristics of completing values developed by Quinn and Cameron (1979, 1990). This measurement will use the following eight five-point Likert-type degrees items, from poor (1) to excellent (5) as to measure organizational effectiveness:

- (1) **Productivity/efficiency.** *Volume of output, the ratio of output over input.*
- (2) **Planning and goal setting.** *The amount of emphasis on the planning, objective setting, and evaluation process.*
- (3) **Resource acquisition.** *The capacity to capture assets and develop external support.*
- (4) **Flexibility/readiness.** *The ability to adapt to shifts in external conditions and demands.*
- (5) **Stability/control.** *Smoothness of internal conditions, continuity, equilibrium.*
- (6) **Information management/ communication.** *Sufficiency of information flows, adequacy of internal orchestration.*
- (7) **Value of human resources training.** *The enhancement and maintenance of overall staff capacity.*
- (8) **Cohesion/morale.** *The level of communality and commitment among the staff members.*

#### **4.7 Method of Analysis**

The hypothesized relationship between reinvention approach and organizational effectiveness dimensions is analyzed with the use of bivariate and multivariate statistical techniques probably to be used as multiple regression and

path analysis. The results of multiple regression analysis based on continuous independent variables show the same pattern of bivariate relationships obtained from analysis of variance. Going beyond the examination of bivariate relationships and assessing of effects of multiple contingencies on organizational effectiveness dimensions, we will rely on the multivariate analysis of variance as a primary statistical technique. Use of multivariate analysis of variance we are able to examine the main effects of reinvention factors on organizational effectiveness dimensions, to decompose the effects of interacting reinvention factors, and to examine the effects of each interacting variable.

The hypothesized bivariate relationship is tested based on the main effects of analysis of variance models, using multivariate ANOVA tests. The main effect contrasts are computed as the difference between the mean values of each reinvention variable. The means is estimated by the respective ANOVA model. The effects of concurrent presence of multiple contingencies are studied through formulation of specific contrasts, henceforth referred to as joint effects. The joint effects are defined as contrasts between the mean response at the concurrent presence of high values of reinvention variables against the mean response at the concurrent presence of low values of the respective reinvention variables. The joint effects of reinvention variables are computed as the difference between the mean values of the respective variables concurrently.

Finally, the joint effect of all 6 reinvention variables is computed as the difference between the mean values of the cells where the six reinvention variables

are concurrently. The mean values are estimated by the respective ANOVA model. The standard errors for each estimated contrast is computed based on the standard errors of the respective cell means derived from the mean square error of the corresponding ANOVA model. Those joint effects differ from the usual interaction effects in analysis of variance model that measure the difference between the mean response at combination of variables.

#### **4.8 Limitation of Survey Research**

Some of the limitations of this study are inherent in both survey research methodology, and research itself. Some others are specific to this study.

In terms of survey research, Orlich (1978: 4) summaries the disadvantages of using a questionnaire to collect data as follows:

1. The investigator is prevented from learning the respondent's motivation for answering questions.
2. Respondents may be limited from providing free expression of opinions due to instrument design.
3. The collection of data from individuals who cannot read, write, or see is prevented.
4. The return of all questionnaires is difficult to achieve.
5. Complex designs cause poor responses or none.
6. The investigator is prevented from learning what causes poor returns.

7. The name and current addresses of the target population are often not available.
8. A question may have different meanings to different people.
9. There is no assurance that the intended respondent actually completed the instrument.
10. Selections of the sample, per se, may biased results: i.e., the sample is not representative of the universe.
11. The questionnaire asks for outdated information.
12. Respondents may not complete the entire instrument.
13. Too much data are requested, thus, only an incomplete analysis is provided by the investigator.
14. Poor designs (Open-ended questions) may lead to data that can not be merged for the systematic analysis.
15. The topic is trite or simple insignificant.

Naturally, not all disadvantages listed apply to all survey research. Nevertheless, there are also many advantages to using questionnaires. According to Orlich, (1978: 4), some of the most commonly cited advantages include:

1. Many individuals may be contacted at the same time.
2. A questionnaire is less expensive to administer than using an interview technique.
3. Each selected respondent receives identical questions.

4. A written questionnaire provides a vehicle for expression without fear of embarrassment to the respondent.
5. Responses are easily tabulated (depending on design of instrument).
6. Respondents may answer at their own convenience.
7. There is not need to select and train interviewers.
8. Persons in remote or distant areas are reached.
9. Interviewer biases are avoided.
10. Uniform data are gathered which allow for long-range research implications.

Furthermore, Babbie (1990: 41-44) has stated that survey research has all the characteristics of science. Therefore, it is a valid method of inquiry. These characteristics can be summarized as follows:

1. Survey research is logical; it follows the logic of science.
2. Survey research is deterministic; the fact that it seeks a logical model conveys the deterministic notion of cause and effect.
3. Survey research is general; its ultimate goal is to generalize to the population from which the sample under study was selected.
4. Survey research is parsimonious; scientists can discriminate in terms of the importance of the many variables to their disposal.
5. Survey research is specific; a strength and weakness, the method itself forces survey research to be specific.

From a research design perspective, one of the most troubling areas in survey research is response rate, with mail surveys being associated with the not very high response rate 40%.

#### **4.9 Overcoming the Limitations of Survey Methodology**

Given the concerns raised with regards to quantitative research and research in general (Whitely, 1994), in this study, we draw from King, Keohane, and Verba (1994) and follow what they consider a rigorous research methodology by combining positivistic (quantitative) and interpretivist (qualitative) methodologies. The goals of using a mix-method approach in this study, as suggested by Mark, Feller, and Button (1997); were to help refine the hypotheses, to help communicate qualitative findings, to explain quantitative findings, to study context and probing the limits of generalizability, for validity check, and most importantly, to help achieve scientific understanding (Campbell, 1966).

In this study, this is accomplished in several ways: first, by reviewing published case studies on the experience of local governmental organizations experimenting with reinventing government (the summary of these cases was provided earlier in Chapter 2); second, by using a pre-test interview for correcting the questionnaire; and third, by incorporating the comments written by the respondents in the open-ended questions of the survey used in this study.

Although some people may disagree as to whether it is adequate to combine methodologies (i.e. quantitative and qualitative), we will argue that it is

appropriate for the goal of the models being developed in this study. According to Mark, Feller, and Button (1997), discussions about the qualitative and quantitative paradigms and methods are commonplace and range from conciliatory and integrative to confrontative and separatist.

Those in favor of a mix-method approach have argued that qualitative research and quantitative research not only complement and enhance each other but add substantive content which neither method could create alone, and this helps to correct for biases that each methodology suffers from separately (Lin, 1996). A qualitative piece can also help this research go beyond the plausible to the causal explanation. Qualitative research seeks to understand what people do and tries to find connections between the who, what, where, how, and why (Lin, 1996; Kaplan, 1992), and how people understand what they do or believe.

King, Keohane, and Verba (1994) have concurred that qualitative studies are important particularly when trying to make causal inferences because of the ambiguous results that are often obtained in a quantitative study.

#### **4.10 Limitations of This Study**

Although every step was taken to ensure anonymity of the respondents, some respondents viewed the questions on demographics as an attempt to break this promise of anonymity. This was particularly the case with state and county agencies. They commented on these questions, and some opted for leaving them blank.

Items left unanswered were a potential problem. In particular, quantitative techniques (especially regression analysis) used to analyze data discount all those observations with missing values on the variables under analysis. This can dramatically reduce the number of “usable” responses.

## 4.11 Analysis of Evidence

### 4.11.1 Multiple Regression

In this study, a number of multiple-item, summated rating scales (Likert scales) were developed and administered. The first step is to use the results of multiple regression procedures to analyze data and test the main hypothesis posited in Chapter 3. This is accomplished by using multiple regression.

The basic different between simple and multiple regression is that the former only considers one independent or predictor variable at a time. The formula for a simple regression model can be stated as follows:

$$Y_i = \beta_0 + \beta_1 X_i + \epsilon_i$$

Where:

$Y_i$  = the value of the response [dependent] variable in the  $i$ th trial

$\beta_0$  and  $\beta_1$  = parameters

$X_i$  = a known constant, namely the value of the predictor variable in the  $i$ th trial

$i = 1, \dots, n$ .

In contrast, the multiple regression model contains a number of predictor (independent) variables. The model is stated as follows:

$$Y_i = \beta_0 + \beta_1 X_{i1} + \beta_2 X_{i2} + \beta_{p-1} X_{i,p-1} + \varepsilon_i$$

The main hypothesis outlined in Chapter II calls for the testing of multiple regression.

#### **4.12.2 Path Analysis**

We have proposed to construct an estimated path model (or estimated causal model) based on the elaboration of the models for government reinvention and organizational effectiveness. In a path model, a variable hypothesized to have an effect on another variable is linked with a straight arrow (path) pointing in hypothesized direction. As explained by Davis (1985: 52), "in a linear system, the total causal effect of  $X_i$  on  $X_j$  is the sum of the values of all the path from  $X_i$ ."

We will use our regression coefficients as our path coefficients. While some argue that standardized coefficients are more appropriate (Welch and Comer, 1988) we will adhere to Achen's (1982: 75) argument that "standardized betas do not measure the theoretical or potential power of the variable, which is usually the researcher's first interest".

What standardized betas measure, argued Achen (1982), is the spread of a variable on the spread of the dependent variable in a sample and not the effect of each additional unit of the independent variable on the dependent variable. In addition, this practice destroys comparability across, and, within samples.

A path model decomposed the total causal effect into direct and indirect effects. The direct effects are calculated by regressing all the variables (those that precede the dependent and independent variable). For example, a direct effect is graphically represented by an arrow going directly from the dependent to the independent variable (of the form:  $x \rightarrow y$ ). The value of this path, as explained earlier, is a regression coefficient.

Indirect effects, on the other hand, are a result of the sum of the product of those coefficients from the independent variable to the dependent variable through intervening variables  $x \rightarrow m \rightarrow y$ . In this sample, the value of the indirect path from  $x$  to  $y$  is obtained by multiplying the coefficient from  $x \rightarrow m$  by the coefficient from  $m \rightarrow y$ .

The effects in a path can be summarized as follows (adapted from Davis, 1985: 47):

- a) Total Estimated Causal Effect = effect after controlling for all priors
- b) Direct Effect = effect after controlling for all priors and intervenings
- c) Indirect Effect = a-b (due to intervenors)

“Priors” refer to the preceding variables. In the formula above,  $x$  is the prior and  $m$  is the intervenor.

#### 4.11.3 Content Analysis

As mentioned above, in the spirit of research triangulation, it was also decided to review published case studies on state and local governments in the United States that

adopted six forms of government reinvention. The purpose of this content analysis is to make inference from the text (Weber, 1990).

Although entire studies can be conducted (and many have been conducted) based on the results of content analysis, content analysis is merely used here to complement the quantitative aspect of this research. As a result, the focus of content analysis here is to interpret open-ended questions and, more importantly, to help refine hypotheses and findings based on the patterns revealed by the cases. Weber has stated that these are valid uses of content analysis. In particular, he argued that content analysis can be employed to:

- reflect cultural patterns of groups and institutions
  - reveal the primary focus of an individual, a group or an institution
  - help codify and understand the answers to open ended questions in the survey
- (Weber, 1990).

One of the most powerful advantages of using content analysis is that because there is no awareness by the subjects that they are being analyzed, little danger exists that the act of measurement can confound the data (Weber, 1990; Webb, Campbell, Scwartz, and Sechrist, 1981).

A possible limitation in this study is that the cases analyzed herein were conducted by members of the organizations under scrutiny. However, this can also be considered a strength because those individuals are knowledgeable of the different processes that the government reinvention effort has elicited.

#### 4.12 Reliability and Validity of the Measurement

Reliability is a measuring instrument to determine if comparable measures of the same construct of a given object agree, or whether the tests yield similar results when different people administer them as well as when alternative forms of measurement are being utilized (Norusis, 1993:143). Reliability is a necessary, but not a sufficient, condition for validity. A test must be reliable in order to be useful, but it's not enough for a test to be reliable, it must also be valid. That is, the instrument must measure what it is intended to measure (Norusis, 1993:144).

For this study, each of the original 38 items of the seven factors was presented. Internal consistency was determined for 38 items and the instrument used for measurement was Cronbach's alpha for each of the seven factors. The results ranged from .5493 to .7782, as shown below in Table 4.1-4.7.

**Table 4.1 Reliability of the Marketization and Competition Measurement**

| Variables                        | Squared Multiple Correlation | Alpha if Item Deleted |
|----------------------------------|------------------------------|-----------------------|
| Marketization&Competition Item 1 | .3862                        | .4457                 |
| Marketization&Competition Item 2 | .3566                        | .4946                 |
| Marketization&Competition Item 3 | .1969                        | .4546                 |
| Marketization&Competition Item 4 | .1138                        | .4876                 |
| Marketization&Competition Item 5 | .1306                        | .5889                 |

Statistical significant level at .001

Alpha = .5509

Standardized item alpha = .5555

The result of the reliability test with regards to Marketization and Competition (Table 4.1) shows that the level of reliability is very high (Alpha coefficient = .5509). This makes it appropriate for further reference throughout the study.

**Table 4.2 Reliability of the Sense of Mission Measurement**

| Variables               | Squared Multiple Correlation | Alpha if Item Deleted |
|-------------------------|------------------------------|-----------------------|
| Sense of Mission Item 1 | .1742                        | .7904                 |
| Sense of Mission Item 2 | .4319                        | .7258                 |
| Sense of Mission Item 3 | .4513                        | .7222                 |
| Sense of Mission Item 4 | .5327                        | .7129                 |
| Sense of Mission Item 5 | .2548                        | .7701                 |
| Sense of Mission Item 6 | .3465                        | .7409                 |

Statistical significant level at .001

Alpha = .7782 Standardized item alpha = .7812

The result of the reliability test with regards to Sense of Mission (Table 4.2) shows that the level of reliability is very high (Alpha coefficient = .7782). This makes it appropriate for further reference throughout the study.

**Table 4.3 Reliability of the Measured Results Measurement**

| Variables               | Squared Multiple Correlation | Alpha if Item Deleted |
|-------------------------|------------------------------|-----------------------|
| Measured Results Item 1 | .1787                        | .6715                 |
| Measured Results Item 2 | .3407                        | .6089                 |
| Measured Results Item 3 | .4333                        | .5682                 |
| Measured Results Item 4 | .2495                        | .6703                 |
| Measured Results Item 5 | .1500                        | .6736                 |

Statistical significant level at .001

Alpha = .6796 Standardized item alpha = .6989

The result of the reliability test with regards to Measured Results (Table 4.3) shows that the level of reliability is very high (Alpha coefficient = .6796). This makes it appropriate for further reference throughout the study.

**Table 4.4 Reliability of the Customer Orientation Measurement**

| Variables                   | Squared Multiple Correlation | Alpha if Item Deleted |
|-----------------------------|------------------------------|-----------------------|
| Customer Orientation Item 1 | .1671                        | .7668                 |
| Customer Orientation Item 2 | .1731                        | .7551                 |
| Customer Orientation Item 3 | .4719                        | .6799                 |
| Customer Orientation Item 4 | .5134                        | .6826                 |
| Customer Orientation Item 5 | .4246                        | .6802                 |
| Customer Orientation Item 6 | .3595                        | .7108                 |

Statistical significant level at .001

Alpha = .7491 Standardized item alpha = .7671

The result of the reliability test with regards to Customer Orientation (Table 4.4) shows that the level of reliability is very high (Alpha coefficient = .7491). This makes it appropriate for further reference throughout the study.

**Table 4.5 Reliability of the Entrepreneurialism Measurement**

| Variables                | Squared Multiple Correlation | Alpha if Item Deleted |
|--------------------------|------------------------------|-----------------------|
| Entrepreneurialism Item1 | .1734                        | .4423                 |
| Entrepreneurialism Item2 | .1602                        | .4778                 |
| Entrepreneurialism Item3 | .1382                        | .4851                 |
| Entrepreneurialism Item4 | .1278                        | .5021                 |

Statistical significant level at .001

Alpha = .5493 Standardized item alpha = .5550

The result of the reliability test with regards to Entrepreneurialism (Table 4.5) shows that the level of reliability is very high (Alpha coefficient = .5493). This makes it appropriate for further reference throughout the study.

**Table 4.6 Reliability of the Decentralization Measurement**

| Variables              | Squared Multiple Correlation | Alpha if Item Deleted |
|------------------------|------------------------------|-----------------------|
| Decentralization Item1 | .3883                        | .6211                 |
| Decentralization Item2 | .3390                        | .6282                 |
| Decentralization Item3 | .3737                        | .6340                 |
| Decentralization Item4 | .1275                        | .7604                 |

Statistical significant level at .001

Alpha = .7248 Standardized item alpha = .7295

The result of the reliability test with regards to Decentralization (Table 4.6) shows that the level of reliability is very high (Alpha coefficient = .7248). This makes it appropriate for further reference throughout the study.

**Table 4.7 Reliability of the Organizational Effectiveness Measurement**

| Variables                          | Squared Multiple Correlation | Alpha if Item Deleted |
|------------------------------------|------------------------------|-----------------------|
| Organizational Effectiveness Item1 | .2383                        | .7834                 |
| Organizational Effectiveness Item2 | .2326                        | .7896                 |
| Organizational Effectiveness Item3 | .3283                        | .7713                 |
| Organizational Effectiveness Item4 | .2786                        | .7786                 |
| Organizational Effectiveness Item5 | .2615                        | .7869                 |
| Organizational Effectiveness Item6 | .3363                        | .7764                 |
| Organizational Effectiveness Item7 | .4123                        | .7610                 |
| Organizational Effectiveness Item8 | .4676                        | .7547                 |

Statistical significant level at .001

Alpha = .7980 Standardized item alpha = .7984

The result of the reliability test with regards to Organizational Effectiveness (Table 4.7) shows that the level of reliability is very high (Alpha coefficient = .7980). This makes it appropriate for further reference throughout the study.

## **CHAPTER 5**

### **DATA ANALYSIS**

This chapter will present analysis of the data collected in Chapter Three. All the impacts or influence associated with government reinvention upon organizational effectiveness will be examined through an application of both multiple regression analysis and path analysis based on the data. This chapter is divided into three sections. The first section provides a description of the variables analyzed to test the hypothesis, in which the frequent distributions of the data, as they pertain to the variables chosen for analysis, are presented and discussed. The chapter concludes with the second section in which the multivariate analyses, including multiple regression and path analysis, are explained. Models for the multiple regression and path analysis also are specified in this section.

#### **5.1 Data Description**

The unit of analysis, as specified earlier in Chapter Four, is state and local government organizations. For the purposes of this paper, government organizations have been defined as either:

- 1) an entire municipal government;
- 2) an entire county government; or
- 3) an entire state department/agency.

The study's data compilation and ensuing analysis are based on the answers

of 204 (40.8% response rate) respondents to the questionnaire. What follows is a basic description of all the responses that served as the foundation for subsequent analysis.

According to table 5.1, about 57.4%(117) of the respondents worked for municipalities, 25.5% (52) fell into the category of county government employees, and around 17.2%(35) worked for a state agency or government.

**Table 5.1 Respondents' Organization**

|                       | <b>Frequency</b> | <b>Percent</b> |
|-----------------------|------------------|----------------|
| <b>Municipalities</b> | 117              | 57.4           |
| <b>County</b>         | 52               | 25.5           |
| <b>State</b>          | 35               | 17.2           |
| <b>Total</b>          | 204              | 100.0          |

From Table 5.2, the distribution of respondents from across the 50 states can be identified clearly. Thus, the study has a good cross-sectional representation of governmental organizations across the country.

**Table 5.2 Respondents' States**

| <b>State</b>      | <b>Frequency</b> | <b>Percent</b> | <b>State</b>    | <b>Frequency</b> | <b>Percent</b> |
|-------------------|------------------|----------------|-----------------|------------------|----------------|
| <b>California</b> | 17               | 8.3            | <b>Delaware</b> | 2                | 1.0            |
| <b>Florida</b>    | 16               | 7.8            | <b>Georgia</b>  | 2                | 1.0            |
| <b>Virginia</b>   | 14               | 6.9            | <b>Hawaii</b>   | 2                | 1.0            |
| <b>Texas</b>      | 12               | 5.9            | <b>Indiana</b>  | 2                | 1.0            |

Table 5.2 (Continued.)

| State          | Frequency | Percent | State          | Frequency | Percent |
|----------------|-----------|---------|----------------|-----------|---------|
| North Carolina | 9         | 4.4     | Kansas         | 2         | 1.0     |
| Illinois       | 8         | 3.9     | Kentucky       | 2         | 1.0     |
| Minnesota      | 8         | 3.9     | Louisiana      | 2         | 1.0     |
| Maryland       | 7         | 3.4     | Maine          | 2         | 1.0     |
| Arizona        | 6         | 2.9     | Montana        | 2         | 1.0     |
| Michigan       | 6         | 2.9     | Nebraska       | 2         | 1.0     |
| Ohio           | 6         | 2.9     | Nevada         | 2         | 1.0     |
| Washington     | 6         | 2.9     | New Hampshire  | 2         | 1.0     |
| Colorado       | 5         | 2.5     | New Jersey     | 2         | 1.0     |
| Connecticut    | 4         | 2.0     | New Mexico     | 2         | 1.0     |
| Idaho          | 4         | 2.0     | North Dakota   | 2         | 1.0     |
| Iowa           | 4         | 2.0     | Oklahoma       | 2         | 1.0     |
| Wisconsin      | 4         | 2.0     | Rhode Island   | 2         | 1.0     |
| Mass           | 3         | 1.5     | South Carolina | 2         | 1.0     |
| Missouri       | 3         | 1.5     | South Dakota   | 2         | 1.0     |
| New York       | 3         | 1.5     | Tennessee      | 2         | 1.0     |
| Oregon         | 3         | 1.5     | West Virginia  | 2         | 1.0     |
| Penn           | 3         | 1.5     | Alaska         | 1         | .5      |

Table 5.2 (Continued.)

| State    | Frequency | Percent | State       | Frequency | Percent |
|----------|-----------|---------|-------------|-----------|---------|
| Utah     | 3         | 1.5     | Mississippi | 1         | .5      |
| Alabama  | 2         | 1.0     | Vermont     | 1         | .5      |
| Arkansas | 2         | 1.0     | Wyoming     | 1         | .5      |

Table 5.3 depicts demographic characteristics of the respondents' organizations, showing that the average annual budget mean of the respondents' organizations was \$818,283,090 while the budget mean for *government reinvention* nationwide during the years 1995 to 1997 was \$295,983.00, \$420,175.00, and \$558,893.00 respectively.

It seems that local governments at various levels pay more attention and allocate more financial resources to *government reinvention* albeit gradually.

**Table 5.3 The Relationship between Respondents' Residency and Government Reinvention Budget for 1995-1997**

| Respondents' Positions | Annual Budget Mean | Budget for REGO 1995 Mean | Budget for REGO 1996 Mean | Budget for REGO 1997 Mean |
|------------------------|--------------------|---------------------------|---------------------------|---------------------------|
| Alabama Mean           | 535,000,000        | 400,000                   | 400,000                   | 500,000                   |
| Alaska Mean            | 1,400,000          | 12,000                    | 15,000                    | 25,000                    |
| Arizona Mean           | 456,166,667        | 120,333                   | 160,000                   | 214,167                   |
| Arkansas Mean          | 27,500,000         | 725,000                   | 975,000                   | 1,250,000                 |
| California Mean        | 991,747,059        | 446,575                   | 648,941                   | 1,254,471                 |
| Colorado Mean          | 75,140,000         | 15,400                    | 25,200                    | 37,038                    |
| Connecticut Mean       | 75,500,000         | 125,000                   | 137,500                   | 143,750                   |

Table 5.3 (Continued.)

| Respondents' Positions | Annual Budget Mean | Budget for REGO 1995 Mean | Budget for REGO 1996 Mean | Budget for REGO 1997 Mean |
|------------------------|--------------------|---------------------------|---------------------------|---------------------------|
| Delaware Mean          | 89,350,000         | 175,000                   | 180,000                   | 180,000                   |
| Florida Mean           | 284,963,500        | 261,563                   | 278,438                   | 309,250                   |
| Georgia Mean           | 6,450,000          | 65,000                    | 70,000                    | 72,500                    |
| Hawaii Mean            | 628,500,000        | 100,000                   | 115,000                   | 125,000                   |
| Idaho Mean             | 19,450,000         | 112,500                   | 125,000                   | 125,000                   |
| Illinois Mean          | 69,762,500         | 16,250                    | 16,250                    | 17,500                    |
| Indiana Mean           | 56,000,000         | 235,000                   | 240,000                   | 175,000                   |
| Iowa Mean              | 17,800,000         | 21,250                    | 22,500                    | 22,500                    |
| Kansas Mean            | 1,500,000,050      | 1,500,050                 | 1,500,050                 | 2,500,050                 |
| Kentucky Mean          | 17,000,050         | 0                         | 0                         | 0                         |
| Louisiana Mean         | 1,011,500,000      | 767,000                   | 1,782,500                 | 2,032,500                 |
| Maine Mean             | 27,000,000         | 355,000                   | 365,000                   | 380,000                   |
| Maryland Mean          | 417,428,571        | 261,000                   | 405,143                   | 666,143                   |
| Massachusetts Mean     | 49,000,000         | 40,000                    | 40,000                    | 43,333                    |
| Michigan Mean          | 423,533,333        | 225,000                   | 319,167                   | 415,833                   |
| Minnesota Mean         | 103,512,500        | 179,700                   | 262,200                   | 183,475                   |
| Mississippi Mean       | 25,000,000         | 30,000                    | 35,000                    | 45,000                    |
| Missouri Mean          | 48,333,333         | 583,333                   | 593,333                   | 563,333                   |
| Montana Mean           | 706,000,000        | 0                         | 0                         | 0                         |
| Nebraska Mean          | 1,510,500,000      | 417,500                   | 417,500                   | 427,500                   |
| Nevada Mean            | 2,008,000,000      | 250,000                   | 305,000                   | 360,000                   |
| New Hampshire Mean     | 6,850,000          | 45,000                    | 50,000                    | 52,500                    |
| New Jersey Mean        | 28,300,000         | 97,500                    | 115,000                   | 130,000                   |
| New Mexico Mean        | 50,500,000         | 57,000                    | 73,500                    | 80,000                    |

**Table 5.3 (Continued.)**

| Respondents' Positions | Annual Budget Mean | Budget for REGO 1995 Mean | Budget for REGO 1996 Mean | Budget for REGO 1997 Mean |
|------------------------|--------------------|---------------------------|---------------------------|---------------------------|
| New York Mean          | 31,666,667         | 698,333                   | 536,667                   | 1,041,667                 |
| North Carolina Mean    | 318,088,889        | 223,889                   | 230,000                   | 351,111                   |
| North Dakota Mean      | 766,000,000        | 0                         | 0                         | 0                         |
| Ohio Mean              | 78,175,000         | 270,833                   | 321,667                   | 439,167                   |
| Oklahoma Mean          | 47,200,000         | 282,500                   | 385,000                   | 440,000                   |
| Oregon Mean            | 117,000,000        | 500,667                   | 687,333                   | 697,667                   |
| Pennsylvania Mean      | 55,833,333         | 80,000                    | 113,333                   | 151,667                   |
| Rhode Island Mean      | 2,071,000,000      | 640,000                   | 675,000                   | 750,000                   |
| South Carolina Mean    | 6,750,000          | 42,500                    | 45,000                    | 55,000                    |
| South Dakota Mean      | 34,000,000,000     | 4,000,000                 | 6,000,000                 | 5,000,000                 |
| Tennessee Mean         | 29,500,000         | 90,000                    | 115,000                   | 123,000                   |
| Texas Mean             | 368,441,683        | 350,000                   | 999,167                   | 1,763,333                 |
| Utah Mean              | 44,200,000         | 275,000                   | 350,000                   | 366,667                   |
| Vermont Mean           | 248,000,000        | 106,000                   | 26,000                    | 76,000                    |
| Virginia Mean          | 2,366,328,571      | 411,071                   | 597,857                   | 633,929                   |
| Washington Mean        | 333,583,333        | 100,833                   | 158,333                   | 220,833                   |
| West Virginia Mean     | 12,000,000         | 126,000                   | 175,500                   | 175,500                   |
| Wisconsin Mean         | 144,500,000        | 51,250                    | 115,000                   | 157,000                   |
| Wyoming Mean           | 42,000,000         | 200,000                   | 250,000                   | 200,000                   |
| Grand Total Mean       | 818,283,090        | 295,983                   | 420,175                   | 558,893                   |

In terms of the respondents' position or title (n=204), 81 or 39.7% fall within senior leadership or management level category in either municipalities, counties

or states. Almost 48%, or 98, fall within the director level, and, 25, or 12.2%, fall within the lowest category, which is staff level.

**Table 5.4 Respondents' Positions**

| Position                      | Frequency | Percent |
|-------------------------------|-----------|---------|
| State Administrator           | 9         | 4.4     |
| County Administrator          | 23        | 11.3    |
| Municipal Administrator       | 49        | 24.0    |
| Department Director of State  | 16        | 7.8     |
| Department Director of County | 22        | 10.8    |
| Municipal Department Director | 60        | 29.4    |
| Officer of State              | 10        | 4.9     |
| Officer of County             | 7         | 3.4     |
| Municipal Officer             | 8         | 3.9     |
| Total                         | 204       | 100.0   |

The characteristics of the survey's respondents, as depicted in Table 5.5, are as follows: average number years in current position, 7.33 years; the average number of employees, 1204.38.

Table 5.5 depicts demographic characteristics of the respondents' organizations, showing that the average annual budget mean of the respondents' organizations was \$818,283,090 while the budget mean for *government reinvention* based upon the respondents' organization type between the years of 1995 and 1997 was \$300,885.00, \$429,979.00, and \$573,598.00 respectively.

**Table 5.5 The Relationship between Respondents' Position and Other Demographics, and Government Reinvention Budget for 1995-1997**

| Respondents' Positions  | Working Experience Mean | Employee Number Mean | Annual Budget Mean | Budget for REGO 1995 Mean | Budget For REGO 1996 Mean | Budget for REGO 1997 Mean |
|-------------------------|-------------------------|----------------------|--------------------|---------------------------|---------------------------|---------------------------|
| City Administrator      | 6.48                    | 953.78               | 141,197,959        | 147,163                   | 170,347                   | 214,082                   |
| County Administrator    | 6.48                    | 1672.83              | 849,395,656        | 401,087                   | 561,957                   | 1,006,522                 |
| Dept Director of City   | 8.05                    | 759.43               | 165,917,503        | 162,498                   | 202,268                   | 303,602                   |
| Dept Director of County | 7.95                    | 998.50               | 272,745,455        | 283,618                   | 411,255                   | 459,900                   |
| Dept Director of State  | 8.00                    | 482.50               | 2,588,681,250      | 638,438                   | 758,500                   | 1,047,375                 |
| Officer of City         | 6.63                    | 1176.50              | 131,750,000        | 322,625                   | 295,250                   | 291,399                   |
| Officer of County       | 4.57                    | 1819.14              | 325,800,000        | 242,857                   | 215,714                   | 287,571                   |
| Officer of State        | 5.20                    | 5267.80              | 483,500,010        | 293,700                   | 1,069,200                 | 1,585,300                 |
| State Administrator     | 11.78                   | 1156.22              | 8,325,666,667      | 1,169,111                 | 1,840,000                 | 1,676,111                 |
| Grand Mean              | 7.33                    | 1204.38              | 818,283,090        | 300,885                   | 429,979                   | 573,598                   |

As demonstrated in Table 5.6, most of the respondents' organizations have implemented a degree of government reinvention, 76.5%; those who were not sure totaled 9.8% and those who answered "not yet" totaled 13.5%. These figures illustrate that *government reinvention* was very popular at the local government level.

**Table 5.6 Percentage of Respondents' Organizations which have undertaken Government Reinvention**

| States                           | Frequency | Percent |
|----------------------------------|-----------|---------|
| Have done Reinventing Government | 156       | 76.5    |
| Not Yet                          | 28        | 13.5    |
| Not Sure                         | 20        | 9.8     |
| Total                            | 204       | 100.0   |

## **5.2 Description for Government Reinvention Factors**

The main objectives of this study are to discover whether some or all of the following factors affect (the) organizational effectiveness of local governments: 1) marketization and competition, 2) sense of mission, 3) measured result, 4) customer orientation, 5) entrepreneurialism, and 6) decentralization. For the purpose of enhancing analysis these six primary factors can be broken down further and are listed accordingly:

MACO 1 = Public/private partnership

MACO 2 = Contracting-out and outsourcing

MACO 3 = User fees

MACO 4 = External competitive mechanisms

MACO 5 = Internal competitive mechanisms

SEMI 1 = Reduce accumulated rules and regulations

SEMI 2 = Budgeting based on mission

SEMI 3 = Clear mission statement

SEMI 4 = Mission-oriented culture

SEMI 5 = Motivation of performance

SEMI 6 = Quality control

MERE 1 = Merit system of paying

MERE 2 = TQM approach

MERE 3 = Outcomes/results budgeting

MERE 4 = Information for designing outcomes budget

MERE 5 = Performance measurement

CUOR 1 = Measurement of customer service

CUOR 2 = Customer comes first

CUOR 3 = Client responsibility

CUOR 4 = Social responsibility

CUOR 5 = Client-oriented

CUOR 6 = Public relations

ENTR 1 = Charging service fees

ENTR 2 = Know how to spend money

ENTR 3 = Impact fees for pricing the activities

ENTR 4 = Run business like private sectors

DECE1 = Participatory management

DECE2 = Flattened organizations

DECE3 = Teamwork

DECE4 = Delegating financing and budget

In Table 5.7 the responses to the Likert-scale items that were used to measure marketization and competition are displayed. Respondents were asked to provide feedback on the extent to which they agreed with the items. The choices were: strongly disagree, disagree, considerably agree, agree, strongly agree, on a scale from 1 to 5. The results of their responses are shown in the table below.

Indeed, Table 5.7 indicates that without any exception, most answers fall in the 3-5 categories. Also, as a percentage of the total, respondents tended to agree more with those statements regarding the items of marketization and competition.

**Table 5.7 - The Frequency and Distribution of Survey Results Pertaining to Marketization & Competition**

| Items                                      | 1.00 | 2.00 | 3.00 | 4.00 | 5.00 | Total |
|--|------|------|------|------|------|-------|
| MACO 1 (Public/private partnership) %      | 4.9  | 9.3  | 30.9 | 27.5 | 27.5 | 100.0 |
| MACO 2 (Contracting-out and Outsourcing) % | 5.9  | 12.3 | 21.6 | 32.8 | 27.5 | 100.0 |
| MACO 3 (User fees) %                       | 9.8  | 17.6 | 34.8 | 25.5 | 12.3 | 100.0 |
| MACO 4 (External competitive mechanisms) % | 9.8  | 13.7 | 17.6 | 27.5 | 31.4 | 100.0 |
| MACO 5 (Internal competitive mechanisms) % | 17.6 | 27.0 | 30.9 | 14.2 | 10.3 | 100.0 |

Notice in Table 5.7 that from the staff level to the senior management level, most respondents state that the mechanism of marketization and competition has been

employed to improve organizational effectiveness since initiative was taken to promote *government reinvention*.

In Table 5.8 the responses to the Likert-scale items that were used to measure sense of mission are displayed. Respondents were asked to provide feedback on the extent to which they agreed with the items. The choices were: strongly disagree, disagree, considerably agree, agree, strongly agree, on a scale from 1 to 5. The results of their responses are shown in the table below.

**Table 5.8 - The Frequency and Distribution of Survey Results Pertaining to Sense of Mission**

| Items  | 1.00 | 2.00 | 3.00 | 4.00 | 5.00 | Total |
|--|------|------|------|------|------|-------|
| SEMI 1(Reduce accumulated rules and regulations) % | 14.7 | 21.1 | 30.9 | 22.5 | 10.8 | 100.0 |
| SEMI 2 (Budgeting based on mission) %              | 11.3 | 17.6 | 29.9 | 29.4 | 11.8 | 100.0 |
| SEMI 3 (Clear mission statement) %                 | 5.4  | 19.6 | 23.5 | 36.8 | 14.7 | 100.0 |
| SEMI 4(Mission-oriented culture) %                 | 14.2 | 25.0 | 38.2 | 18.1 | 4.4  | 100.0 |
| SEMI 5 (Motivation of Performance) %               | 2.5  | 12.7 | 27.5 | 39.7 | 17.6 | 100.0 |
| SEMI 6(Quality control) %                          | 7.4  | 21.1 | 36.3 | 30.9 | 4.4  | 100.0 |

Indeed, Table 5.8 indicates that without any exception, most answers fall in the 3-5 categories. Also, as a percentage of the total, respondents tended to agree more with those statements regarding the items of sense of mission.

Notice in Table 5.8 that from the staff level to senior management level, most respondents states that the mechanism of sense of mission has been employed to improve organizational effectiveness since initiative was taken to promote *government reinvention*.

In Table 5.9, the responses to the Likert-scale items that were used to measure measured results are displayed. Respondents were asked to provide feedback on the extent to which they agreed with the items. The choices were: strongly disagree, disagree, considerably agree, agree, strongly agree, on a scale from 1 to 5. The results of their responses are shown in the table below.

**Table 5.9 - The Frequency and Distribution of Survey Results Pertaining to Measured Results**

| Items   | 1.00 | 2.00 | 3.00 | 4.00 | 5.00 | Total |
|---|------|------|------|------|------|-------|
| MERE 1(Merit system of paying)<br>%                       | 26.0 | 21.6 | 20.6 | 25.0 | 6.9  | 100.0 |
| MERE 2(TQM approach)<br>%                                 | 13.2 | 29.4 | 38.2 | 17.6 | 1.5  | 100.0 |
| MERE 3(Outcomes/results<br>budgeting)<br>%                | 17.2 | 31.9 | 30.9 | 15.7 | 4.4  | 100.0 |
| MERE 4(Information for designing<br>outcomes budget)<br>% | 15.2 | 26.5 | 30.4 | 23.0 | 4.9  | 100.0 |
| MERE 5(Performance<br>measurement)<br>%                   | 7.4  | 16.7 | 25.5 | 37.3 | 13.2 | 100.0 |

Indeed, Table 5.9 indicates that without any exception, most answers fall in the 3-5 categories. Also, as a percentage of the total, respondents tended to agree more with those statements regarding the items of measured results.

Notice in Table 5.9 that from the staff level to senior management level, most respondents states that the mechanism of measured results has been employed to improve organizational effectiveness since initiative was taken to promote government reinvention.

In Table 5.10 the responses to the Likert-scale items that were used to measure customer orientation. Respondents were asked to provide feedback on the extent to which they agreed with the items. The choices were: strongly disagree, disagree, considerably agree, agree, strongly agree, on a scale from 1 to 5. The results of their responses are shown in the table below.

Indeed, Table 5.10 indicates that without any exception, most answers fall in the 3-5 categories. Also, as a percentage of the total, respondents tended to agree more with those statements regarding the items of customer orientation.

Notice in Table 5.10 that from the staff level to senior management level, most respondents states that the mechanism of customer orientation has been employed to improve organizational effectiveness since initiative was taken to promote *government reinvention*.

**Table 5.10 - The Frequency and Distribution of Survey Results Pertaining to Customer Orientation**

| Items                                     | 1.00 | 2.00 | 3.00 | 4.00 | 5.00 | Total |
|---|------|------|------|------|------|-------|
| CUOR 1(Measurement of customer service) % | 17.6 | 24.5 | 28.4 | 21.6 | 7.8  | 100.0 |
| CUOR 2(Customer comes first) %            | 4.9  | 16.2 | 46.1 | 27.0 | 5.9  | 100.0 |
| CUOR 3(Client responsibility) %           | 2.0  | 10.8 | 33.3 | 48.0 | 5.9  | 100.0 |
| CUOR 4(Social responsibility) %           | 1.5  | 10.8 | 30.4 | 44.6 | 12.7 | 100.0 |
| CUOR 5(Client-oriented) %                 | 1.0  | 6.4  | 27.9 | 50.5 | 14.2 | 100.0 |
| CUOR 6(Public relations) %                | 1.0  | 6.4  | 37.7 | 42.2 | 12.7 | 100.0 |

In Table 5.11 the responses to the Likert-scale items that were used to measure entrepreneurialism are displayed. Respondents were asked to tell us the extent to which they agreed with the items. The choices were: strongly disagree, disagree, considerably agree, agree, strongly agree, on a scale from 1 to 5. The results of their responses are shown in the table below.

Indeed, Table 5.11 indicates that without any exception, most answers fall in the 3-5 categories. Also, as a percentage of the total, respondents tended to agree more with those statements regarding the items of entrepreneurialism.

**Table 5.11 - The Frequency and Distribution of Survey Results Pertaining to Entrepreneurialism**

| Items   | 1.00 | 2.00 | 3.00 | 4.00 | 5.00 | Total |
|---|------|------|------|------|------|-------|
| ENTR 1(Charging service fees)<br>%                  | 8.3  | 9.8  | 27.5 | 39.7 | 14.7 | 100.0 |
| ENTR 2(Know how to spend money)<br>%                | 2.0  | 13.7 | 34.8 | 43.1 | 6.4  | 100.0 |
| ENTR 3(Impact fees for pricing the activities)<br>% | 25.5 | 19.1 | 31.4 | 19.6 | 4.4  | 100.0 |
| ENTR 4(Run business like private sectors)<br>%      | 10.3 | 26.5 | 31.4 | 29.9 | 2.0  | 100.0 |

Notice in Table 5.11 that from the staff level to senior management level, most respondents states that the mechanism of entrepreneurialism has been employed to improve organizational effectiveness since initiative was taken to promote *government reinvention*.

In Table 5.12, the responses to the Likert-scale items that were used to measure decentralization are displayed. Respondents were asked to provide feedback on the extent to which they agreed with the items. The choices were: strongly disagree, disagree, considerably agree, agree, strongly agree, on a scale from 1 to 5. The results of their responses are shown in the table below.

Indeed, Table 5.12 indicates that without any exception, most answers fall in the 3-5 categories. Also, as a percentage of the total, respondents tended to agree more with those statements regarding the items of decentralization.

**Table 5.12 - The Frequency and Distribution of Survey Results Pertaining to Decentralization**

| Items                                     | 1.00 | 2.00 | 3.00 | 4.00 | 5.00 | Total |
|---|------|------|------|------|------|-------|
| DECE 1(Participatory management) %        | 4.9  | 18.1 | 22.5 | 43.6 | 10.8 | 100.0 |
| DECE 2(Flattened organizations) %         | 7.8  | 24.0 | 32.8 | 26.5 | 8.8  | 100.0 |
| DECE 3(Teamwork) %                        | 2.9  | 10.8 | 28.9 | 42.6 | 14.7 | 100.0 |
| DECE 4(Delegating financing and budget) % | 12.3 | 24.0 | 33.3 | 23.0 | 7.4  | 100.0 |

Notice in Table 5.12 that from the staff level to senior management level, most respondents states that the mechanism of decentralization has been employed to improve organizational effectiveness since initiative was taken to promote *government reinvention*.

### **5.3 Description for Organizational Effectiveness Factors**

The following items as sub-factors are represented Organizational Effectiveness respectively:

OREF1= Productivity/Efficiency

OREF2= Planning and Goal Setting

OREF3= Resource Acquisition

OREF4= Flexibility/Readiness

OREF5= Stability/Control

OREF6= Information Management/Communication

OREF7= Value of Human Resource Training

OREF8= Cohesion/Morale

In Table 5.13 we display the responses to the Likert-scale items that we used to measure Organizational Effectiveness. Respondents were asked to tell us the extent to which they agreed with the items. The choices were: very low, low, moderate, high, very high, from 1 to 5. The frequencies of their responses are shown in the table below.

Table 5.13 indicates that without any exception, most answers fall in the 3-5 categories. Also, as a percentage of the total, respondents tended to agree more with those statements regarding the items of Organizational Effectiveness. Notice in Table 5.13 that from the staff level to senior management level, most respondents states that Organizational Effectiveness has been improved since the government took the initiative to promote government reinvention.

Approximately 39.7% (81 (67+14)) of the respondents said that Productivity /Efficiency has been highly improved since the government took the initiative to promote government reinvention.

The table indicates that 41.2% (84 (71+13)) of our respondents stated that their organizations' capacity of Resource Acquisition have been highly enhanced since the government took the initiative to promote government reinvention.

The table displayed that more than 50% (103 (88+15)) of respondents agree with their organizations got more Flexibility/Readiness in operation since the government took the initiative to promote government reinvention.

**Table 5.13 Frequency of Distribution of Organizational Effectiveness**

| Items   | 1.00 | 2.00 | 3.00 | 4.00 | 5.00 | Total |
|---|------|------|------|------|------|-------|
| OREF1(Productivity/Efficiency)<br>%               | 4.9  | 14.2 | 41.2 | 32.8 | 6.9  | 100.0 |
| OREF2(Planning and Goal Setting)<br>%             | 3.9  | 15.7 | 37.3 | 33.3 | 9.8  | 100.0 |
| OREF3(Resource Acquisition)<br>%                  | 2.5  | 17.2 | 39.2 | 34.8 | 6.4  | 100.0 |
| OREF4(Flexibility/Readiness)<br>%                 | 1.5  | 11.8 | 36.3 | 43.1 | 7.4  | 100.0 |
| OREF5(Stability/Control)<br>%                     | 2.5  | 8.8  | 38.7 | 44.6 | 5.4  | 100.0 |
| OREF6(Information Management<br>/Communication) % | 2.9  | 16.2 | 42.2 | 34.8 | 3.9  | 100.0 |
| OREF7(Value of Human Resource<br>Training) %      | 4.9  | 20.6 | 33.8 | 34.3 | 6.4  | 100.0 |
| OREF8(Cohesion/Morale)<br>%                       | 4.4  | 11.8 | 40.2 | 38.2 | 5.4  | 100.0 |

Seen from the table, 50% (102 (91+11)) of respondents believed that their organizations got more smoothness of internal conditions, continuity, and equilibrium in Stability/Control, since the government took the initiative to promote government reinvention.

In the part of Information Management/Communication, 38.7% (89 (71+8)) of respondents responded that their organizations have been reengineered sufficiency of

information flows, adequacy of internal coordination since the government took the initiative to promote government reinvention.

Around 40.7 (83 (70+13)) of respondents reported that their organizations got more recognition to Value of Human Resource Training to improve employees' capacity since the government took the initiative to promote government reinvention.

Shown on the table, 43.6% (89 (78+11)) of respondents told us that Cohesion /Morale have been upgraded since the government took the initiative to promote government reinvention.

Thus, sum from the overviews of 8 items, most of our respondents' organizations have been exposed to improvement of Organizational Effectiveness since the government took the initiative to promote government reinvention.

#### **5.4 Correlation between Government Reinvention and Organizational Effectiveness Factors**

Before we use multiple regression and path analysis to analyze and test the hypotheses, the testing of correlation was used to examine the existence of multicollinearity necessarily.

Table 5.14 shows that there is not multicollinearity existing between Government Reinvention factors and between Organizational Effectiveness factors.

**Table 5.14 Correlation between Government Reinvention and Organizational Effectiveness Factors**

|      | OREF  | MACO   | SEMI   | MERE   | CURO   | ENTR   | DECE   |
|------|-------|--------|--------|--------|--------|--------|--------|
| OREF | 1.000 | .401** | .504** | .493** | .520** | .479** | .454** |
| MACO |       | 1.000  | .453** | .396** | .280** | .321** | .326** |
| SEMI |       |        | 1.000  | .594** | .466** | .251** | .407** |
| MERE |       |        |        | 1.000  | .551** | .346** | .366** |
| CUOR |       |        |        |        | 1.000  | .406** | .412** |
| ENTR |       |        |        |        |        | 1.000  | .266** |
| DECE |       |        |        |        |        |        | 1.000  |

\*\* Correlation is significant at the 0.0a level (2 - tailed).

Table 5.15 shows that there is not multicollinearity existing between Government Reinvention factors and between Organizational Effectiveness sub-factors.

**Table 5.15 Correlation between Government Reinvention and Organizational Effectiveness Sub-Factors**

| Factors | MACO  | SEMI  | MERE  | CUOR  | ENTE  | DECE  | OREF1 | OREF2 | OREF3 | OREF4 | OREF5 | OREF6 | OREF7 | OREF8 |
|---------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| MACO    | 1.000 | .453  | .396  | .280  | .321  | .326  | .350  | .393  | .336  | .229  | .178  | .150  | .198  | .212  |
| SEMI    |       | 1.000 | .594  | .466  | .251  | .407  | .293  | .519  | .268  | .293  | .237  | .213  | .364  | .379  |
| MERE    |       |       | 1.000 | .551  | .346  | .366  | .378  | .372  | .387  | .298  | .144  | .200  | .365  | .366  |
| CUOR    |       |       |       | 1.000 | .406  | .412  | .357  | .390  | .374  | .384  | .272  | .281  | .322  | .295  |
| ENTE    |       |       |       |       | 1.000 | .266  | .242  | .313  | .337  | .274  | .295  | .319  | .304  | .386  |
| DECE    |       |       |       |       |       | 1.000 | .293  | .376  | .297  | .211  | .181  | .262  | .270  | .431  |
| OREF1   |       |       |       |       |       |       | 1.000 | .386  | .314  | .302  | .258  | .244  | .297  | .305  |
| OREF2   |       |       |       |       |       |       |       | 1.000 | .306  | .262  | .135  | .196  | .357  | .301  |
| OREF3   |       |       |       |       |       |       |       |       | 1.000 | .442  | .221  | .293  | .400  | .449  |
| OREF4   |       |       |       |       |       |       |       |       |       | 1.000 | .313  | .235  | .331  | .354  |
| OREF5   |       |       |       |       |       |       |       |       |       |       | 1.000 | .433  | .277  | .370  |
| OREF6   |       |       |       |       |       |       |       |       |       |       |       | 1.000 | .421  | .487  |
| OREF7   |       |       |       |       |       |       |       |       |       |       |       |       | 1.000 | .581  |
| OREF8   |       |       |       |       |       |       |       |       |       |       |       |       |       | 1.000 |

\*\* Correlation is significant at the 0.01 level (2-tailed).

\* Correlation is significant at the 0.05 level (2-tailed).

## **5.5 Multiple Regression Analysis**

The residuals of all the regression models were analyzed to determine whether the specified regression models are appropriate. The analysis did not suggest any departure from the linear model. Also, the analysis indicated that multi-collinearity was not a problem in any of our models.

Our main hypotheses will be tested in next Chapter by using the presented here multiple regression analysis on the variables and constructs path diagrams related to our hypothesis.

### **5.5.1 Organizational Effectiveness**

The reinvention factors contained within the reinventing government model are the keys of effectiveness for local governmental organizations of USA in the modern information age.

The discussion of the following findings would show that our hypothesis was confirmed in multiple regression and path analysis. The magnitude and significance of reinvention factors affecting the effectiveness for local governmental organizations of USA indicated by the multiple regression models used for testing our hypothesis are significant at less than the 0.01 level. Please see the results of multiple regression in Table 5.1.

The results and discussion are organized as follows. First, the discussion proceeded by looking at the results of testing the main hypothesis in multiple regression models of organizational effectiveness.

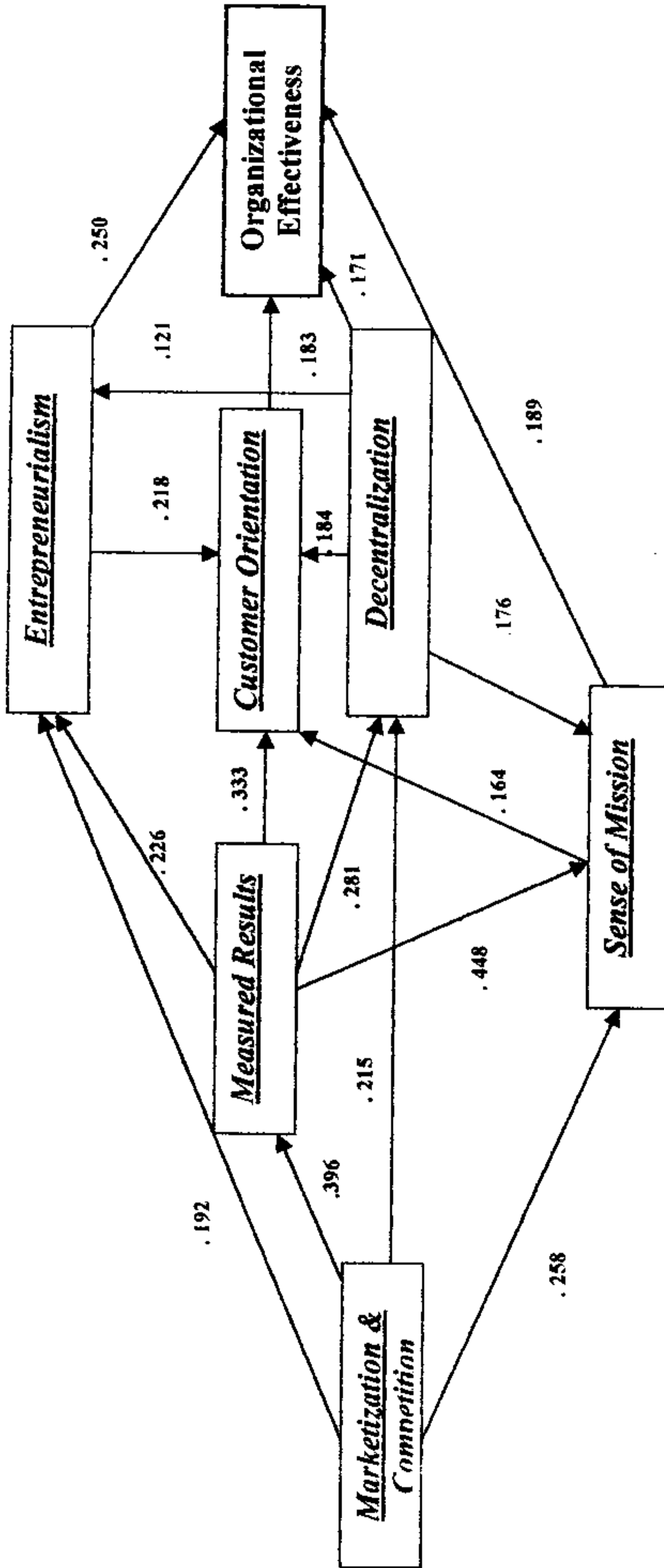
As predicted in our theoretical argumentation, the results show that relative to the effects of all reinvention factors to organizational effectiveness are directed through Entrepreneurialism, Customer Orientation, Decentralization, Sense of Mission, and undirected through Measured Results and Marketization & competition. Please see the testing result of the main analysis model in Figure 5.1.

By looking at Figure 5.1, we reduce that the parameter estimate of these variables in the main model is substantially large and highly significant at 0.05 level.

These findings clearly support our hypotheses as well as our theoretical argument that all reinvention factors are very important for organizational effectiveness. Several explanations can be given for this phenomenon. One of the explanations is that changes in entrepreneurialism, customer orientation, decentralization and sense of mission will affect the organizational effectiveness directly and sensitively, while the changes in measured results and marketization & competition will affect indirectly organizational effectiveness through the previous factors as shown in Figure 5.1.

Alternative explanations can be given, however. For example, in some instances without good implementation for all reinvention factors and combinations, we can not see the organizational effectiveness.

Figure 5.1 Path Analysis Diagram for Government Reinvention and Organizational Effectiveness



### **5.5.2 Sub-Factors of Organizational Effectiveness**

In Chapter 3, we hypothesized in our model that, organizational effectiveness is combinations of eight dependent factors, namely, 1) Productivity & Efficiencies, 2) Planning & Goal Setting, 3) resource Acquisition, 4) Flexibility & Readiness, 5) Stability & Control, 6) Value of HR Training, 7) Information Management & Communication and 8) Cohesion & Morale.

The magnitude and significance of reinvention factors affecting the sub-factors of organizational effectiveness for local government of USA indicated by the multiple regression models used relating to our hypothesis are significant at less than the 0.01 level. Please see the results of multiple regression in Table 5.2 to 5.9.

Although these factors have not been directly used in our hypotheses composition and direct testing of hypotheses, they are very significant to our theoretical model. The results of the regression models of the sub-factors for Organizational Effectiveness, is relating to testing the hypotheses and help us make more understanding to impact of reinvention factors on Organizational Effectiveness. The multiple regression analyses for these sub-factors are showed below from Table 5.16 to Table 5.23 and from Figure 5.2 to Figure 5.9.

#### **5.5.2.1 Productivity & Efficiencies**

Within the eight dependent factors of organizational effectiveness, we stated that Productivity & Efficiencies is affected by all reinvention factors. The results indicated that all reinvention factors are significant and primarily responsible for productivity &

Efficiencies. The parameter estimates for independent factors are significant at 0.5 level. This findings shows that changes in reinvention factors such as Marketization & competition, Customer Orientation, Measured Results directly affected the Productivity & Efficiencies and changes in Decentralization, Sense of Mission and Entrepreneurialism indirectly affected Productivity & Efficiencies.

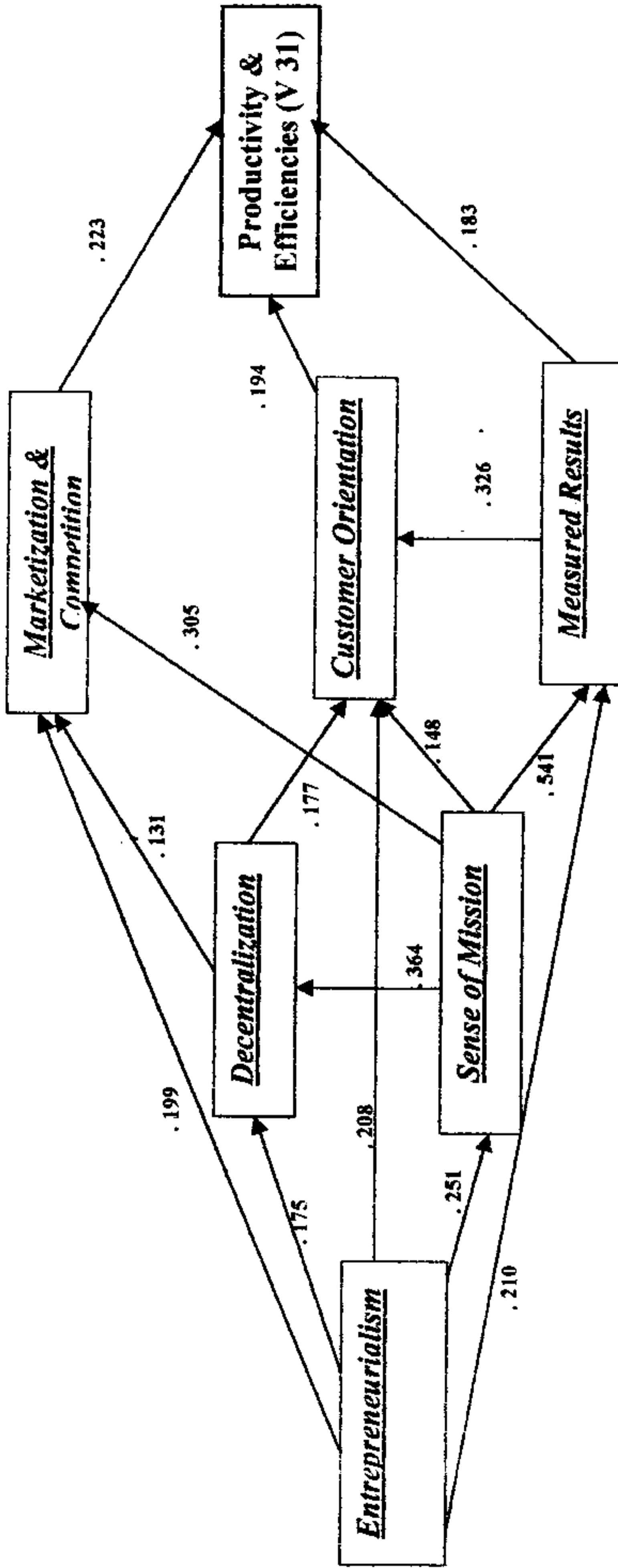
The results show that the success of Productivity & Efficiencies depends on the effect of reinvention factors directly and indirectly.

The results of path analysis in Table 5.16 explain the relationship of factors directly and indirectly impacting on Productivity & Efficiencies at 0.05 significant level.

**Table 5.16 Causal and Non-Causal Effect of Factors Affecting Productivity & Efficiencies (OREF1)**

| Factors    | Total Correlation | Causal |          |       | Non-causal |
|------------|-------------------|--------|----------|-------|------------|
|            |                   | Direct | Indirect | Total |            |
| ENTR.OREF1 | .242              | -      | .198     | .198  | .044       |
| CUOR.OREF1 | .357              | .194   | -        | .194  | .163       |
| DECE.OREF1 | .293              | -      | .063     | .063  | .230       |
| SEMI.OREF1 | .293              | -      | .241     | .241  | .052       |
| MERE.OREF1 | .378              | .183   | .063     | .246  | .132       |
| MACO.OREF1 | .350              | .223   | -        | .223  | .127       |

Figure 5.2 Path Analysis Diagram for Government Reinvention and Productivity & Efficiency



### 5.5.2.2 Planning and Goal Setting

Within the eight dependent factors of organizational effectiveness, we stated that Planning & Goal Settings is affected by all reinvention factors. From Figure 5.3 and Table 5.17, we found that, marketization & Competition and Sense of Mission directly affected Planning & Goal Settings, while affects of Measured Results, Customer Orientation, Decentralization and Entrepreneurialism are indirectly to Planning & Goal Setting.

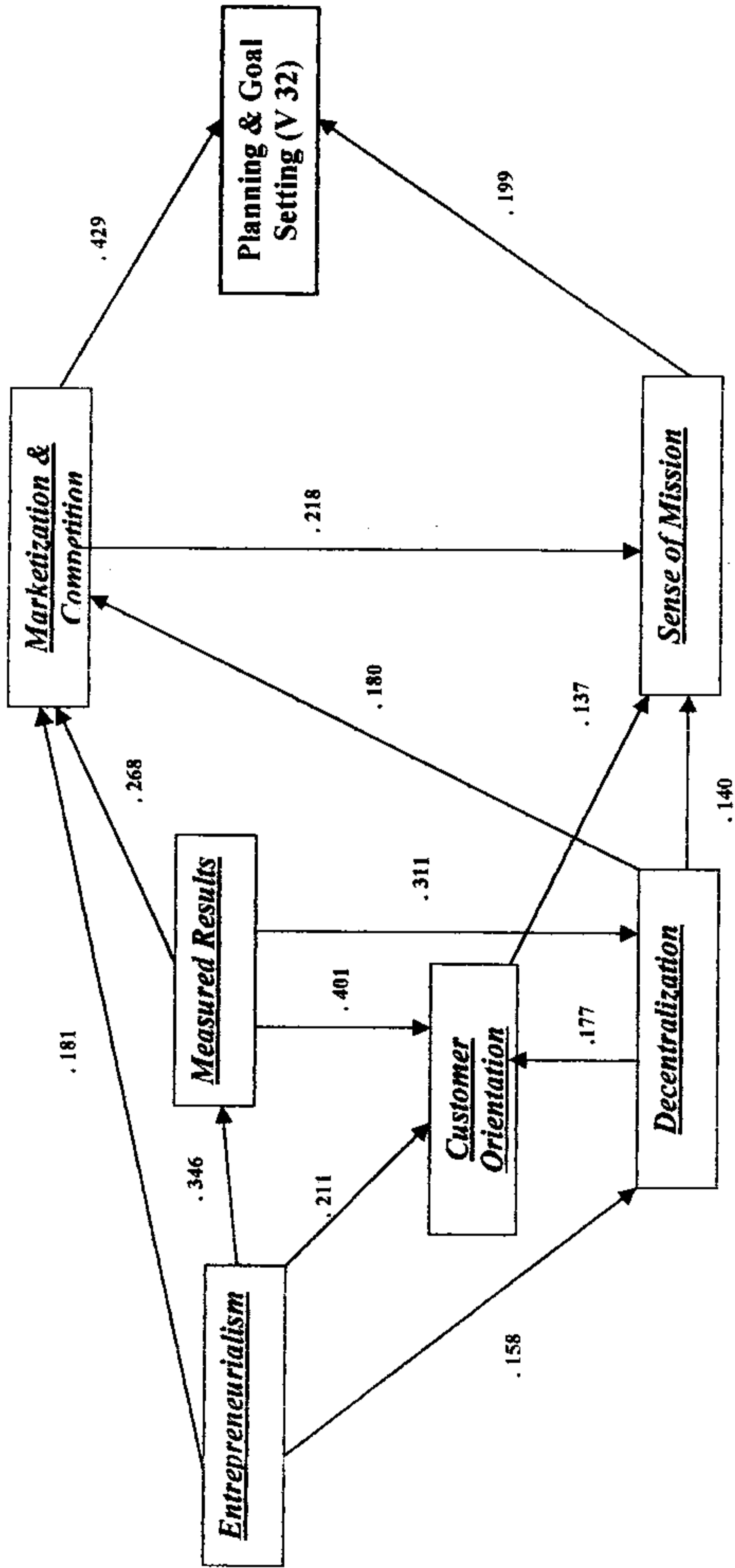
The result indicated that changes in Marketization & Competition sensitively affected Planning & Goal Setting because the magnitude of this factor is larger than any other reinvention factors.

The results of path analysis in Table 5.17 explain the relationship of factors directly and indirectly impacting on Planning & Goal Setting at 0.05 significant level.

**Table 5.17 Causal and Non-Causal Effect of Factors Affecting Planning & Goal Setting (OREF2)**

| Factors    | Total Correlation | Causal |          |       | Non-causal |
|------------|-------------------|--------|----------|-------|------------|
|            |                   | Direct | Indirect | Total |            |
| ENTR.OREF2 | .313              | -      | .150     | .150  | .163       |
| CUOR.OREF2 | .390              | -      | .027     | .027  | .363       |
| DECE.OREF2 | .376              | -      | .034     | .034  | .342       |
| SEMI.OREF2 | .519              | .199   | -        | .199  | .320       |
| MERE.OREF2 | .372              | -      | .037     | .037  | .335       |
| MACO.OREF2 | .393              | .429   | .043     | .472  | -.080      |

Figure 5.3 Path Analysis Diagram for Government Reinvention and Planning & Goal Setting



### 5.5.2.3 Resource Acquisition

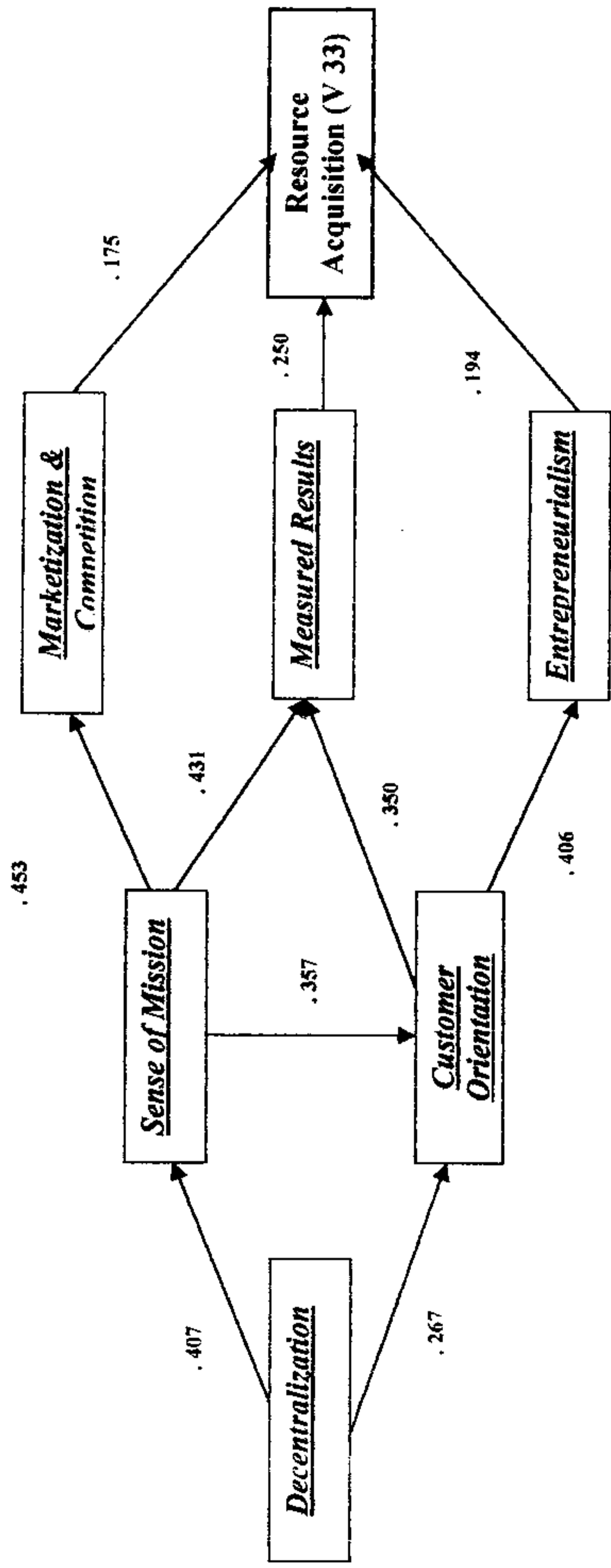
Within the eight dependent factors of organizational effectiveness, we stated that resource acquisition is affected by all reinvention factors. Figure 5.4 and Table 5.18 show that reinvention factors affected resource Acquisition. The combinations of effect seem to be differ from other model. As the results show that Marketization & Competition, Measured Results and Entrepreneurialism give direct effect to Resource Acquisition, while Sense of Mission, Customer Orientation, and Decentralization have indirect effect on it. These all effect are significant at less than the 0.05 level.

The results of path analysis in Table 5.18 explain the relationship of factors directly and indirectly impacting on Resource Acquisition at 0.05 significant level.

**Table 5.18 Causal and Non-Causal Effect of Factors Affecting Resource Acquisition (OREF3)**

| Factors    | Total Correlation | Causal |          |       | Non-causal |
|------------|-------------------|--------|----------|-------|------------|
|            |                   | Direct | Indirect | Total |            |
| ENTR.OREF3 | .337              | .194   | -        | .194  | .143       |
| CUOR.OREF3 | .374              | -      | .167     | .167  | .207       |
| DECE.OREF3 | .297              | -      | .120     | .120  | .177       |
| SEMI.OREF3 | .268              | -      | .246     | .246  | .022       |
| MERE.OREF3 | .387              | .250   | -        | .250  | .137       |
| MACO.OREF3 | .336              | .175   | -        | .175  | .161       |

Figure 5.4 Path Analysis Diagram for Government Reinvention and Resource Acquisition



#### 5.5.2.4 Flexibility & Readiness

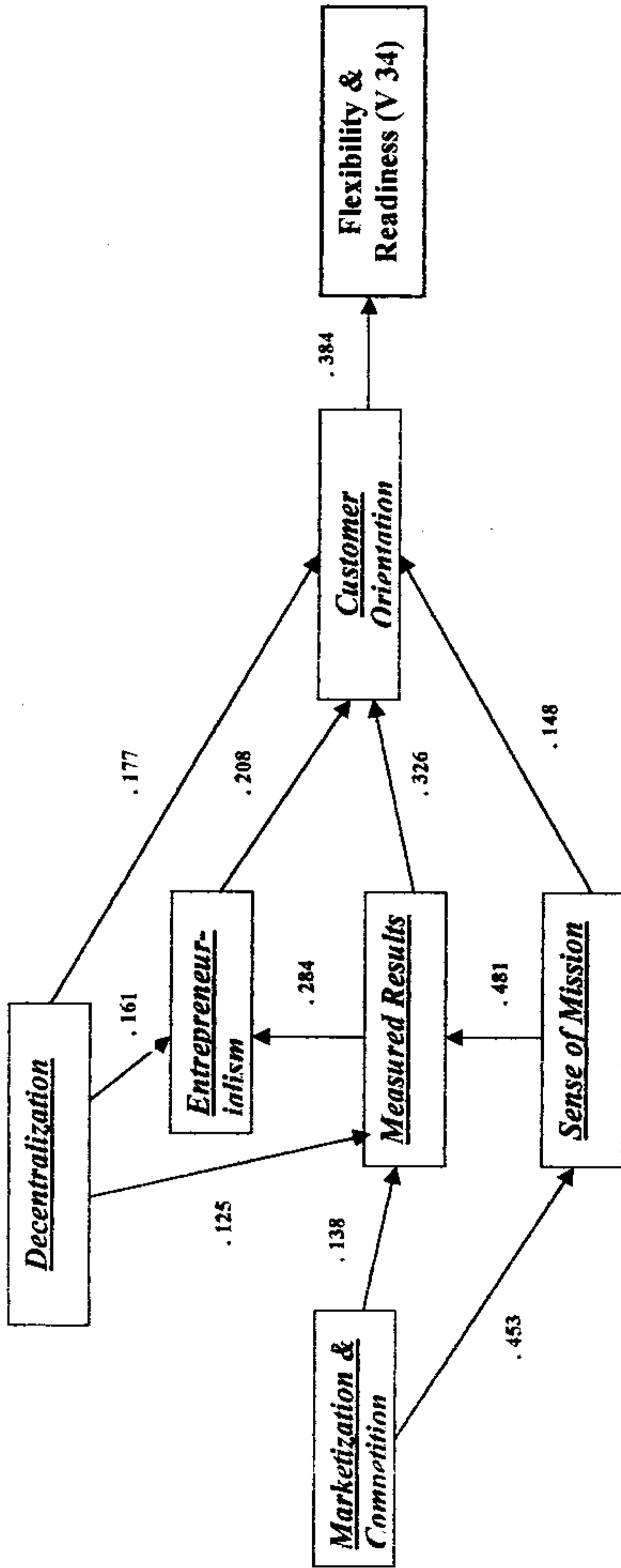
Within the eight dependent factors of organizational effectiveness, we stated that Flexibility & Readiness is affected by all reinvention factors. The Results from Table 5.19 and Figure 5.5 show that only Customer Orientation directly affected Flexibility & Readiness, the rest factors affected it indirectly. The factors of Decentralization, Entrepreneurialism, Measured Results and Sense of Mission affected Flexibility & Readiness through Customer Orientation indirectly. The Marketization & Competition first affected through Measured Results and Sense of Mission and then through Customer Orientation.

The results of path analysis in Table 5.19 explain the relationship of factors directly and indirectly impacting on Flexibility & Readiness at 0.05 significant level.

**Table 5.19 Causal and Non-Causal Effect of Factors Affecting Flexibility & Readiness (OREF4)**

| Factors    | Total Correlation | Causal |          |       | Non-causal |
|------------|-------------------|--------|----------|-------|------------|
|            |                   | Direct | Indirect | Total |            |
| ENTR.OREF4 | .274              | -      | .080     | .080  | .194       |
| CUOR.OREF4 | .384              | .384   | -        | .384  | .000       |
| DECE.OREF4 | .211              | -      | .097     | .097  | .114       |
| SEMI.OREF4 | .293              | -      | .117     | .117  | .176       |
| MERE.OREF4 | .296              | -      | .148     | .148  | .148       |
| MACO.OREF4 | .229              | -      | .046     | .046  | .183       |

Figure 5.5 Path Analysis Diagram for Government Reinvention and Flexibility & Readiness



### 5.5.2.5 Stability & Control

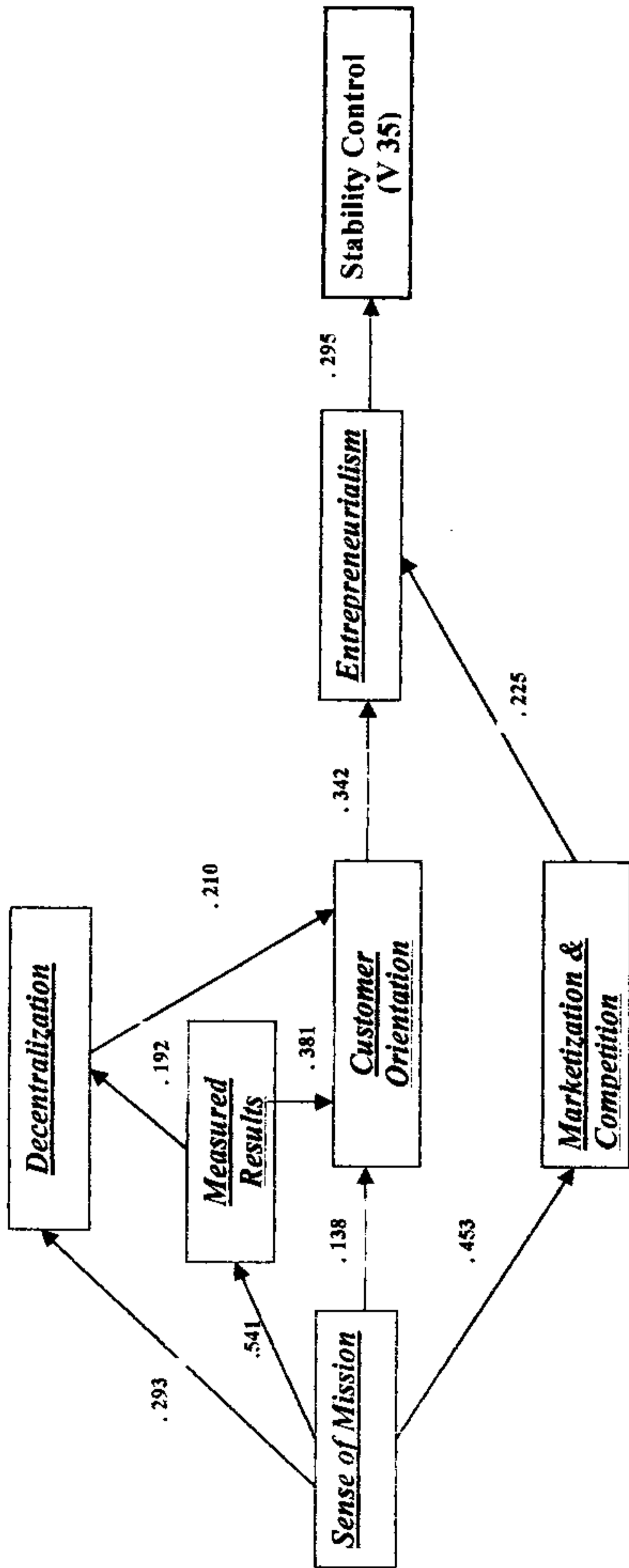
Within the eight dependent factors of organizational effectiveness, we stated that Stability & Control is affected by all reinvention factors. However, by looking at Table 5.20 and Figure 5.6, we notice that all of reinvention factors affected Stability & Control. However, only Entrepreneurialism has direct effect on Stability & Control, while Customer Orientation and Marketization & Competition have indirect affect on it through Entrepreneurialism. Moreover, Sense of Mission give indirect effect to Entrepreneurialism through Decentralization, Measured Results, Customer Orientation and Marketization & Competition.

The results of path analysis in Table 5.20 explain the relationship of factors directly and indirectly impacting on Stability & Control at 0.05 significant level.

**Table 5.20 Causal and Non-Causal Effect of Factors Affecting Stability & Control (OREF5)**

| Factors    | Total Correlation | Causal |          |       | Non-causal |
|------------|-------------------|--------|----------|-------|------------|
|            |                   | Direct | Indirect | Total |            |
| ENTR.OREF5 | .295              | .295   | -        | .295  | .000       |
| CUOR.OREF5 | .272              | -      | .101     | .101  | .171       |
| DECE.OREF5 | .181              | -      | .021     | .021  | .160       |
| SEMI.OREF5 | .237              | -      | .072     | .072  | .165       |
| MERE.OREF5 | .144              | -      | .042     | .042  | .102       |
| MACO.OREF5 | .178              | -      | .066     | .066  | .112       |

Figure 5.6 Path Analysis Diagram for Government Reinvention and Stability Control



### 5.5.2.6 Information Management & Communication

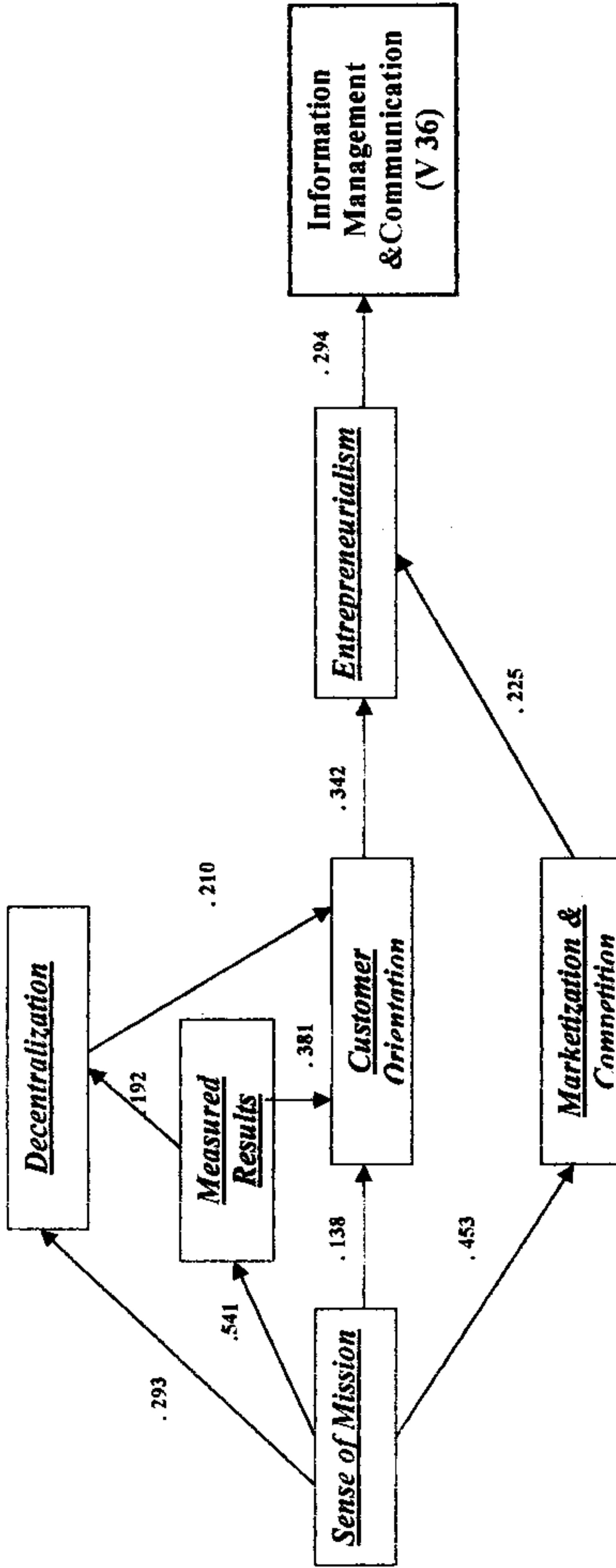
Within the eight dependent factors of organizational effectiveness, we stated that Information Management & Communication is affected by all reinvention factors. The results in Figure 5.7 and Table 5.21 show that only Entrepreneurialism give direct effect to Information Management & Communication while Customer Orientation and Marketization & Competition have indirect affect on it through Entrepreneurialism.. Moreover, Sense of Mission give indirect effect to Entrepreneurialism through Decentralization, Measured Results, Customer Orientation and Marketization & Competition.

The results of path analysis in Table 5.21 explain the relationship of factors directly and indirectly impacting on Information Management & Communication at 0.05 significant level.

**Table 5.21 Causal and Non-Causal Effect of Factors Affecting Information Management & Communication (OREF6)**

| Factors    | Total Correlation | Causal |          |       | Non-causal |
|------------|-------------------|--------|----------|-------|------------|
|            |                   | Direct | Indirect | Total |            |
| ENTR.OREF6 | .319              | .295   | -        | .295  | .024       |
| CUOR.OREF6 | .281              | -      | .101     | .101  | .180       |
| DECE.OREF6 | .262              | -      | .021     | .021  | .241       |
| SEMI.OREF6 | .213              | -      | .073     | .073  | .171       |
| MERE.OREF6 | .200              | -      | .042     | .042  | .158       |
| MACO.OREF6 | .150              | -      | .066     | .066  | .084       |

Figure 5.7 Path Analysis Diagram for Government Reinvention and Information Management & Communication



### 5.5.2.7 Value of HR Training

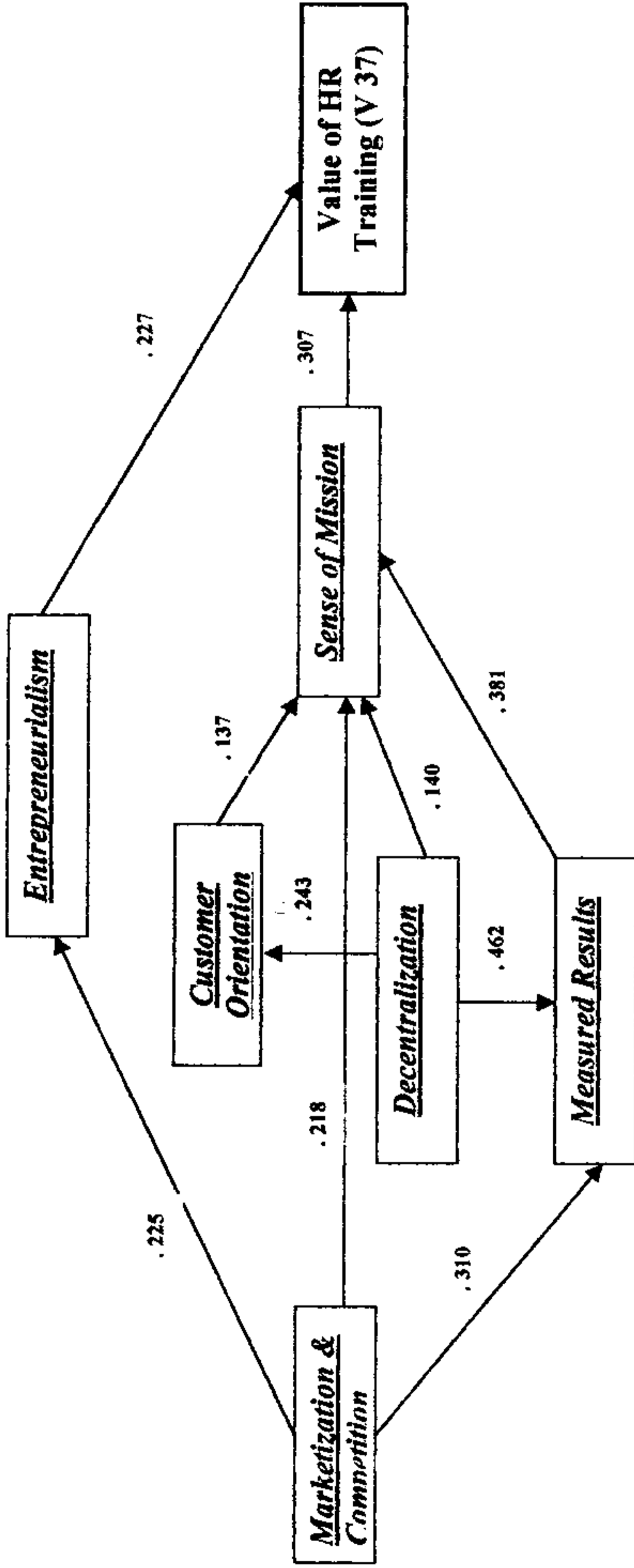
Within the eight dependent factors of organizational effectiveness, we stated that Value of HR Training is affected by all reinvention factors. From Figure 5.8 and Table 5.22, we found that Sense of Mission and Entrepreneurialism directly affected Value of HR Training while Customer Orientation, Decentralization, Measured Results and Marketization & Competition indirectly affected value of HR Training. Therefore, changes in Sense of Mission and Entrepreneurialism will sensitively cause in changes of Value of HR Training. However, the combinations of effect from reinvention factors are quite unique compared to other models.

The results of path analysis in Table 5.22 explain the relationship of factors directly and indirectly impacting on HR Training at 0.05 significant level.

**Table 5.22 Causal and Non-Causal Effect of Factors Affecting Value of HR Training (OREF7)**

| Factors    | Total Correlation | Causal |          |       | Non-causal |
|------------|-------------------|--------|----------|-------|------------|
|            |                   | Direct | Indirect | Total |            |
| ENTR.OREF7 | .304              | .227   | -        | .227  | .077       |
| CUOR.OREF7 | .322              | -      | .042     | .042  | .280       |
| DECE.OREF7 | .270              | -      | .107     | .107  | .163       |
| SEMI.OREF7 | .364              | .307   | -        | .307  | .057       |
| MERE.OREF7 | .365              | -      | .117     | .117  | .248       |
| MACO.OREF7 | .198              | -      | .154     | .154  | .044       |

Figure 5.8 Path Analysis Diagram for Government Reinvention and Value of HR Training



### 5.5.2.8 Cohesion & Morale

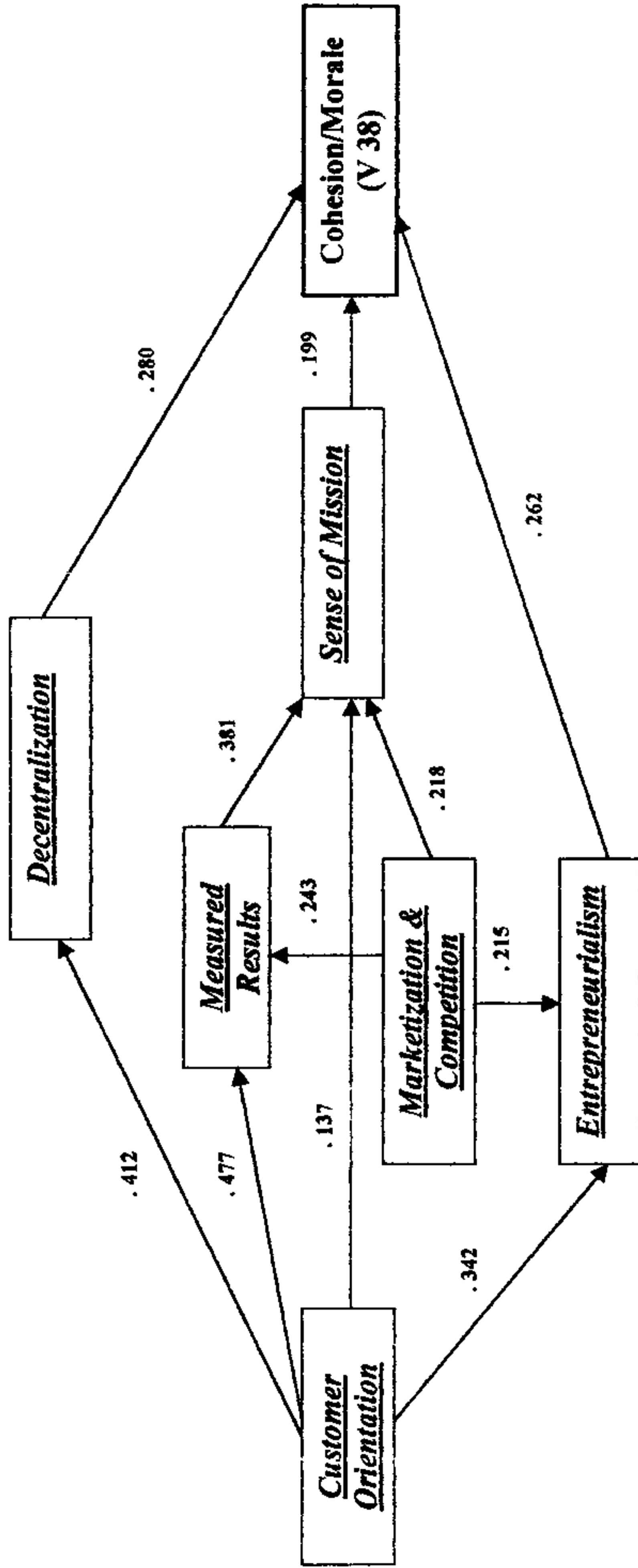
Within the eight dependent factors of organizational effectiveness, we stated that Cohesion & Morale is affected by all reinvention factors. We found that Decentralization, Sense of Mission, and Entrepreneurialism directly affected Cohesion & Morale, while Measured Results, Marketization & Competition and Entrepreneurialism have indirectly effect through Sense of Mission. However, Customer Orientation also has indirectly effect through many paths to Cohesion & Morale.

The results of path analysis in Table 5.23 explain the relationship of factors directly and indirectly impacting on Cohesion & Morale at 0.05 significant level.

**Table 5.23 Causal and Non-Causal Effect of Factors Affecting Cohesion & Morale (OREF8)**

| Factors    | Total Correlation | Causal |          |       | Non-causal |
|------------|-------------------|--------|----------|-------|------------|
|            |                   | Direct | Indirect | Total |            |
| ENTR.OREF8 | .386              | .262   | -        | .262  | .124       |
| CUOR.OREF8 | .295              | -      | .268     | .268  | .027       |
| DECE.OREF8 | .431              | .280   | -        | .280  | .151       |
| SEMI.OREF8 | .379              | .199   | -        | .199  | .180       |
| MERE.OREF8 | .366              | -      | .076     | .076  | .290       |
| MACO.OREF8 | .212              | -      | .118     | .118  | .094       |

Figure 5.9 Path Analysis Diagram for Government Reinvention and Value of HR Training



# CHAPTER 6

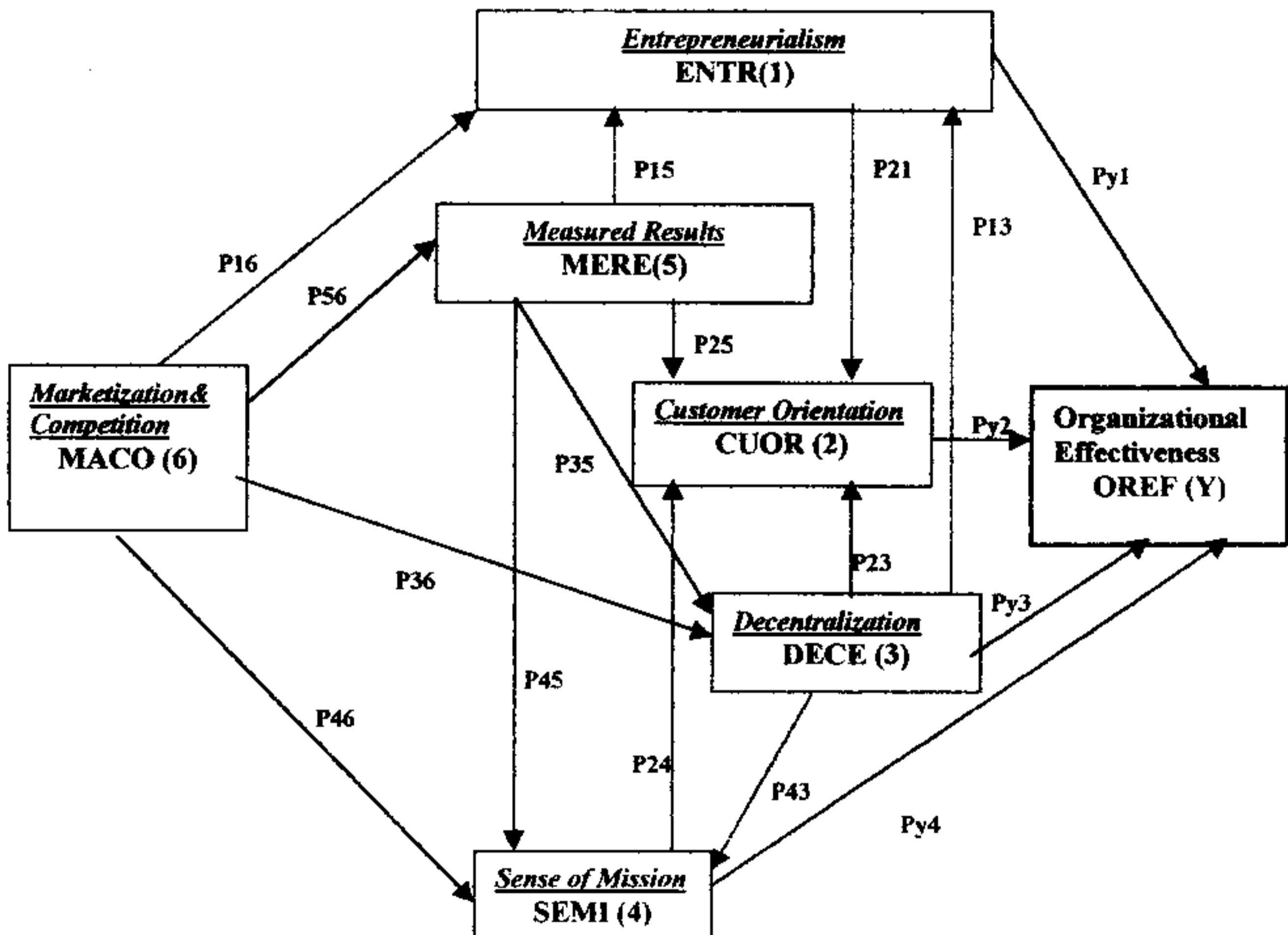
## HYPOTHESES TESTING AND INTERPRETATION OF FINDINGS

### 6.1 Presentation of Statistical Results for Analysis Model

#### 6.1.1 Revised Model for Analysis

Following the conceptual model described above, the revised model for analysis is shown below in Figure 6.1.

**Figure 6.1. Revised Model for Path Analysis**



From Figure 6.1 the interrelationship between variables can be described by the following path coefficients:

$P_{y1}$  = Path coefficient between Organizational Effectiveness and Entrepreneurialism

$P_{y2}$  = Path coefficient between Organizational Effectiveness and Customer Orientation

$P_{y3}$  = Path coefficient between Organizational Effectiveness and Decentralization

$P_{y4}$  = Path coefficient between Organizational Effectiveness and Sense of Mission

$P_{13}$  = Path coefficient between Entrepreneurialism and Decentralization

$P_{15}$  = Path coefficient between Entrepreneurialism and Measured Results

$P_{16}$  = Path coefficient between Entrepreneurialism and Marketization & Competition

$P_{21}$  = Path coefficient between Customer Orientation and Entrepreneurialism

$P_{23}$  = Path coefficient between Customer Orientation and Decentralization

$P_{24}$  = Path coefficient between Customer Orientation and Sense of Mission

$P_{25}$  = Path coefficient between Customer Orientation and Measured Results

$P_{35}$  = Path coefficient between Decentralization and Measured Results

$P_{36}$  = Path coefficient between Decentralization and Marketization & Competition

$P_{43}$  = Path coefficient between Sense of Mission and Decentralization

$P_{45}$  = Path coefficient between Sense of Mission and Measured Results

$P_{46}$  = Path coefficient between Measured Results and Marketization & Competition

The structural equations of the proposed model for analysis are as follows:

$$(1) \text{ ENTR} = P_{13} \text{ DECE} + P_{15} \text{ MERE} + P_{16} \text{ MACO}$$

$$(2) \text{ CURO} = P_{24} \text{ SEMI} + P_{21} \text{ ENTR} + P_{23} \text{ DECE} + P_{25} \text{ MERE}$$

$$(3) \text{ DECE} = P_{35} \text{ MERE} + P_{36} \text{ MACO}$$

$$(4) \text{ SEMI} = P_{43} \text{ DECE} + P_{45} \text{ MERE} + P_{46} \text{ MACO}$$

$$(5) \text{ MERE} = P_{56} \text{ MACO}$$

$$(6) \text{ OREF} = P_{y2} \text{ CUOR} + P_{y4} \text{ SEMI} + P_{y1} \text{ ENTR} + P_{y3} \text{ DECE}$$

**Variable Descriptions:**

OREF = Organizational Effectiveness

ENTR = Entrepreneurialism

CUOR = Customer Orientation

DECE = Decentralization

SEMI = Sense of Mission

MERE = Measured Results

MACO = Marketization & Competition

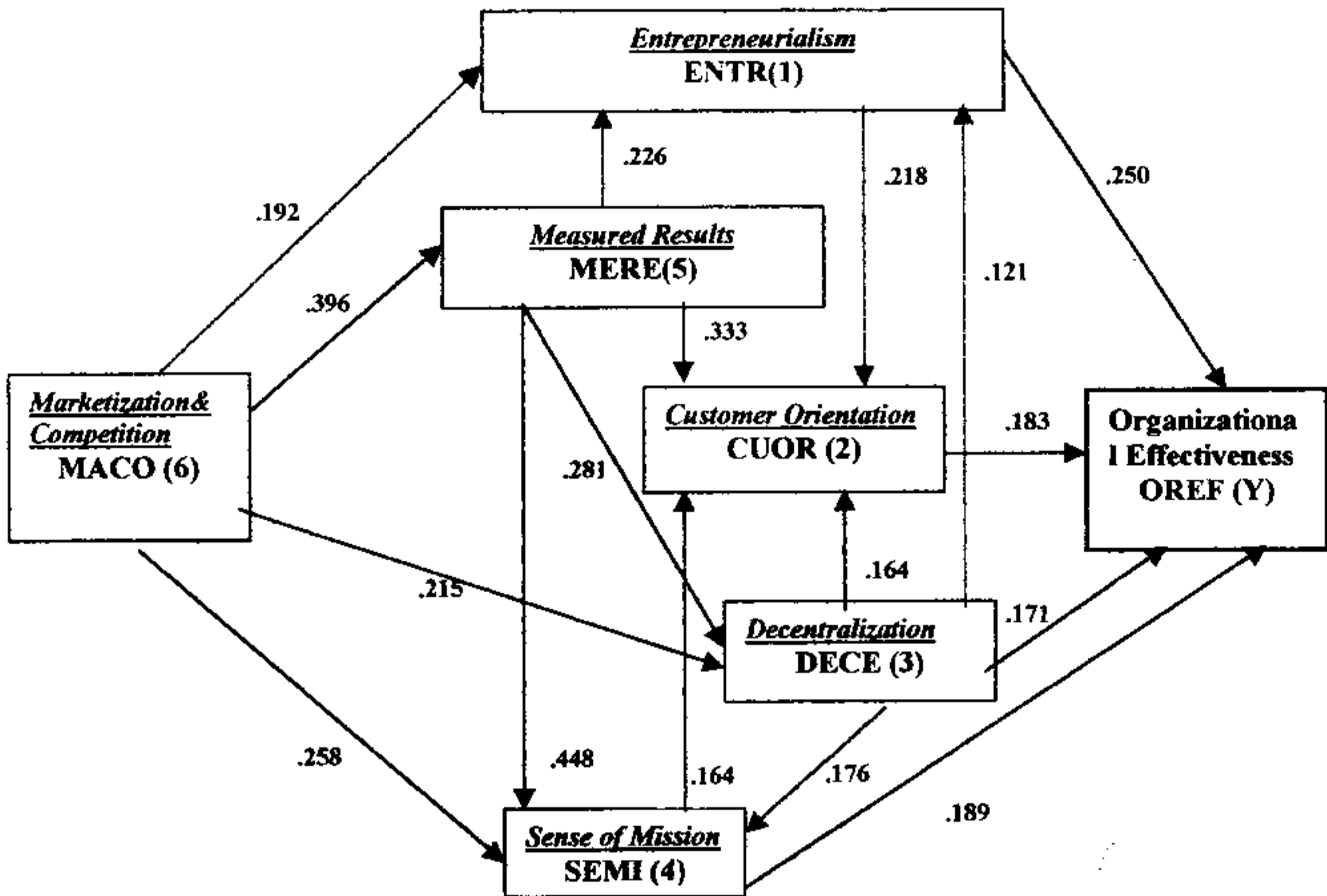
**Table 6.1 Path Coefficients of Variables Affecting Organizational Effectiveness**

| Structure Equation   | Path Coeff.  | t                                | R <sup>2</sup> | F      |
|--|--|----------------------------------|----------------|--------|
| ENTR = P <sub>13</sub> DECE + P <sub>15</sub> MERE + P <sub>16</sub> MACO                        | P <sub>13</sub> = .121<br>P <sub>15</sub> = .226<br>P <sub>16</sub> = .192                           | 1.205<br>3.101<br>2.628          | .415           | 19.854 |
| CUOR = P <sub>21</sub> ENTR + P <sub>23</sub> DECE + P <sub>24</sub> SEMI + P <sub>25</sub> MERE | P <sub>21</sub> = .218<br>P <sub>23</sub> = .184<br>P <sub>24</sub> = .146<br>P <sub>25</sub> = .333 | 3.637<br>2.974<br>2.257<br>4.669 | .639           | 27.335 |
| DECE = P <sub>35</sub> MERE + P <sub>36</sub> MACO   | P <sub>35</sub> = .281<br>P <sub>36</sub> = .215   | 4.024<br>3.070                   | .416           | 29.999 |
| SEMI = P <sub>43</sub> DECE + P <sub>45</sub> MERE + P <sub>46</sub> MACO                        | P <sub>43</sub> = .176<br>P <sub>45</sub> = .448<br>P <sub>46</sub> = .225                           | 2.980<br>7.256<br>3.725          | .695           | 38.188 |
| MERE = P <sub>56</sub> MACO  | P <sub>56</sub> = .396   | 6.133                            | .396           | 37.676 |
| OREF = P <sub>y1</sub> ENTR + P <sub>y2</sub> CUOR + P <sub>y3</sub> DECE + P <sub>y4</sub> SEMI | P <sub>y1</sub> = .250<br>P <sub>y2</sub> = .183<br>P <sub>y3</sub> = .171<br>P <sub>y4</sub> = .189 | 4.249<br>2.714<br>2.847<br>2.710 | .686           | 29.218 |

### 6.1.2 Path Analysis Model for Hypotheses Testing

By the statistical results and revised analysis model, the Path Analysis Model for Hypotheses Testing is presented in Figure 6.2.

Figure 6.2. Estimated Path Analysis Model for Hypotheses Testing



## 6.2 Hypotheses Testing

### 6.2.1 Reinvention Factors' Direct Impact on Organizational Effectiveness

Hypothesis 1 states that entrepreneurialism, customer orientation, decentralization, sense of mission, measured results, and marketization and competition - the principal characteristics contained within the reinventing government model - have a direct impact upon the organizational effectiveness of government at the local level.

The results of the path analysis in Table 6.2 explain the relationship of those factors having a direct impact upon organizational effectiveness at a level of significance - 0.05.

**Table 6.2 Causal and Non-Causal Effect of Factors Affecting Organizational Effectiveness**

| Factors   | Total Correlation | Causal |          |       | Non-causal |
|-----------|-------------------|--------|----------|-------|------------|
|           |                   | Direct | Indirect | Total |            |
| ENTR.OREF | .479              | .250   | .0399    | .2899 | .1891      |
| CUOR.OREF | .520              | .183   | -        | .1830 | .3370      |
| DECE.OREF | .454              | .171   | .1282    | .2992 | .1548      |
| SEMI.OREF | .504              | .189   | .0300    | .2190 | .2850      |
| MERE.OREF | .493              | -      | .3404    | .3404 | .1526      |
| MACO.OREF | .401              | -      | .2858    | .2858 | .1152      |

The result of testing this hypothesis can be explained sequentially - factor by factor.

#### **6.2.1.1 Entrepreneurialism**

From Table 6.2, the path coefficient shows a positive relationship between entrepreneurialism and organizational effectiveness. Entrepreneurialism has a direct impact on organizational effectiveness. This means that if entrepreneurialism as it relates to organizational effectiveness changes then organizational effectiveness also changes. If the value of entrepreneurialism increases one unit then it means that the value of organizational effectiveness increases 250 units.

The result of the analysis corresponded to the hypothesis and therefore, **this factor in Hypothesis 1 was accepted.**

#### **6.2.1.2 Customer Orientation**

From Table 6.2, the path coefficient shows a positive relationship between customer orientation and organizational effectiveness. Customer orientation has a direct impact upon organizational effectiveness. This means that if customer orientation as it relates to organizational effectiveness changes then organizational effectiveness also changes. If the value of customer orientation increases one unit then it means that the value of organizational effectiveness increases 183 units.

The result of the analysis corresponded to the hypothesis and therefore, **this factor in Hypothesis 1 was accepted.**

#### **6.2.1.3 Decentralization**

From Table 6.2, the path coefficient shows a positive relationship between

decentralization and organizational effectiveness. Decentralization has a direct impact upon organizational effectiveness. This means that if decentralization as it relates to organizational effectiveness changes then organizational effectiveness also changes. If the value of decentralization increases one unit then it means that the value of organizational effectiveness increases 171 units.

The result of the analysis corresponded to the hypothesis and therefore, **this factor in Hypothesis 1 was accepted.**

#### **6.2.1.4 Sense of Mission**

From Table 6.2, the path coefficient shows that there is a positive relationship between sense of mission and organizational effectiveness. Sense of mission has a direct impact upon organizational effectiveness. This means that if sense of mission as it relates to organizational effectiveness changes then organizational effectiveness also changes. If the value of sense of mission increases one unit then it means that the value of organizational effectiveness increases 189 units.

The result of the analysis corresponded to the hypothesis and therefore, **this factor in Hypothesis 1 was accepted.**

#### **6.2.1.5 Measured Results**

From Table 6.2, the path coefficient shows that there is no direct relationship between measured results and organizational effectiveness. Measured results have only an indirect impact upon organizational effectiveness through other factors.

The result of the analysis did not correspond to the hypothesis and therefore, **this**

**factor in Hypothesis 1 was not accepted.**

#### **6.2.1.6 Marketization & Competition**

From Table 6.2, the path coefficient shows that there is no direct relationship between marketization and competition and organizational effectiveness. Marketization and competition have only an indirect impact upon organizational effectiveness through other factors.

The result of the analysis did not correspond to the hypothesis and therefore, **this factor in Hypothesis 1 was not accepted.**

As a whole, most of hypothesis 1 was accepted, namely, that entrepreneurialism, customer orientation, decentralization, and sense of mission, were shown to have a direct impact upon organizational effectiveness. However, there were two factors that did not conform to the premise of the hypothesis, namely, measured results, and marketization and competition, which did not have a direct impact upon organizational effectiveness.

The structural formula for factors having a direct impact on organizational effectiveness is, therefore, best expressed in the form of the following equation:

$$\text{Total direct effect} = .250(\text{ENTR}) + .183(\text{CUOR}) + .171(\text{DECE}) + .189(\text{SEMI})$$

#### **6.2.2 The Other Five Reinvention Factors' Indirect Impact on Organizational Effectiveness through Entrepreneurialism**

Hypothesis 2 states that marketization and competition, decentralization, sense

of mission, measured results, customer orientation, through the application of the entrepreneurialism variable, have an indirect impact upon organizational effectiveness at the local government level.

**Table 6.3 Summary of Total Indirect Effects of Reinvention Factors on Organizational Effectiveness**

| Factor | through | Path  | Indirect Effect |
|--------|---------|---|-----------------|
| MACO   | ENTR    | $(P_{16} Py_1) + (P_{16} P_{21} Py_2) + (P_{36} P_{13} Py_1)$   | .0622           |
| DECE   | ENTR    | $(P_{13} Py_1)$   | .0458           |
| MERE   | ENTR    | $(P_{15} Py_1) + (P_{35} P_{13} Py_1) + (P_{15} P_{21} Py_2)$   | .0740           |
| ENTE   | CUOR    | $(P_{12} Py_2)$   | .0399           |
| DECE   | CUOR    | $(P_{23} Py_2) + (P_{13} P_{21} Py_2) + (P_{43} P_{24} Py_2)$   | .0438           |
| SEMI   | CUOR    | $(P_{24} Py_2)$   | .0300           |
| MERE   | CUOR    | $(P_{25} Py_2) + (P_{15} P_{21} Py_2) + (P_{35} P_{23} Py_2) + (P_{45} P_{24} Py_2)$  | .0928           |
| MACO   | DECE    | $(P_{36} Py_3) + (P_{36} P_{43} Py_4) + (P_{36} P_{23} Py_2) + (P_{36} P_{13} Py_1)$  | .0577           |
| MERE   | DECE    | $(P_{35} Py_3) + (P_{35} P_{43} Py_4) + (P_{35} P_{23} Py_2) + (P_{35} P_{13} Py_1)$  | .0755           |
| MACO   | SEMI    | $(P_{46} Py_4) + (P_{46} P_{24} Py_2)$  | .0565           |
| DECE   | SEMI    | $(P_{43} Py_4) + (P_{43} P_{24} Py_2)$  | .0386           |
| MERE   | SEMI    | $(P_{45} Py_4) + (P_{45} P_{24} Py_2)$  | .0981           |
| MACO   | MERE    | $(P_{56} P_{15} Py_1) + (P_{56} P_{25} Py_2) + (P_{56} P_{35} Py_3) + (P_{56} P_{45} Py_4) + (P_{56} P_{35} P_{13} Py_1) + (P_{56} P_{35} P_{43} Py_4) + (P_{56} P_{45} P_{24} Py_2)$ | .1094           |

The results of the path analysis in Figure 6.2 and Table 6.3 explain the relationship of factors having an indirect impact upon organizational effectiveness at a level of significance - 0.05.

The result of testing this hypothesis can be sequentially explained - factor by factor.

**6.2.2.1 Marketization and competition**, through the application of the entrepreneurialism variable, have an indirect impact upon organizational effectiveness at the local government level.

Figure 6.2 shows that marketization and competition have an indirect impact on organizational effectiveness through the application of the entrepreneurialism variable.

From Table 6.3, the total indirect effect of marketization and competition on organizational effectiveness, through the application of the entrepreneurialism variable, can be summed as .0622.

This means that through the application of the entrepreneurialism variable, if marketization and competition as they relate to organizational effectiveness changes then organizational effectiveness also changes. If the value of marketization and competition increases one unit then the value of organizational effectiveness increases .0622 units.

**This factor in hypothesis 2 was accepted.**

**6.2.2.2 Decentralization**, through the application of the entrepreneurialism variable, has an indirect impact upon organizational effectiveness at the local

government level.

Figure 6.2 shows that decentralization has an indirect impact on organizational effectiveness through the application of the entrepreneurialism variable.

From Table 6.3, the total indirect effect of decentralization on organizational effectiveness, through the application of the entrepreneurialism variable, can be summed as .0458.

This means that through the application of the entrepreneurialism variable, if decentralization as it relates to organizational effectiveness changes then organizational effectiveness also changes. If the value of decentralization increases one unit then the value of organizational effectiveness increases .0458 units.

**This factor in hypothesis 2 was accepted.**

**6.2.2.3 Sense of mission**, through the application of the entrepreneurialism (variable), has an indirect impact upon organizational effectiveness at the local government level.

Figure 6.2 shows that sense of mission did not have an indirect impact on organizational effectiveness through the application of the entrepreneurialism variable.

**This factor in hypothesis 2 was not accepted.**

**6.2.2.4 Measured results**, through the application of the entrepreneurialism variable, have an indirect impact upon organizational effectiveness at the local government level.

Figure 6.2 shows that measured results have an indirect impact upon organizational effectiveness through the application of the entrepreneurialism variable.

From Table 6.3, the total indirect effect of measured results on organizational effectiveness, through the application of the entrepreneurialism variable, can be summed as .0740.

This means that through the application of the entrepreneurialism variable, if measured results as they relate to organizational effectiveness change then organizational effectiveness also changes. If the value of measured results increases one unit then the value of organizational effectiveness increases .0740 units.

**This factor in hypothesis 2 was accepted.**

**6.2.2.5 Customer orientation**, through the application of the entrepreneurialism variable, has an indirect impact upon organizational effectiveness at the local government level.

Figure 6.2 shows that customer orientation did not have an indirect impact on organizational effectiveness through the application of the entrepreneurialism variable.

**This factor in hypothesis 2 was not accepted.**

As a whole, most of hypothesis 2 was accepted, namely, that marketization and competition, decentralization, and measured results, were shown to have an indirect impact upon organizational effectiveness through the application of the entrepreneurialism variable. However, there were two factors that did not conform to the premise of the hypothesis, namely, sense of mission and customer orientation which did not have an indirect impact upon organizational effectiveness through the application of the entrepreneurialism variable.

The structural formula for factor having an indirect impact on

organizational effectiveness through the application of the entrepreneurialism variable is, therefore, best expressed in the form of the following equation:

$$\text{Total indirect effect} = .0622(\text{MACO}) + .0458(\text{DECE}) + .0740(\text{MERE})$$

### **6.2.3 The Other Five Reinvention Factors' Indirect Impact on Organizational Effectiveness through Customer Orientation**

Hypothesis 3 states that marketization and competition, entrepreneurialism, decentralization, sense of mission, and measured results, through the application of the customer orientation variable, have an indirect impact upon organizational effectiveness at the local government level.

The results of the path analysis in Figure 6.2 explain the relationship of those factors having an indirect impact upon organizational effectiveness at a level of significance – 0.05.

The result of testing this hypothesis can be sequentially explained - factor by factor.

**6.3.3.1 Marketization and competition**, through the application of the customer orientation variable, have an indirect impact upon organizational effectiveness at the local government level.

Figure 6.2 shows that marketization and competition did not have an indirect impact upon organizational effectiveness through the application of the customer orientation variable.

**This factor in hypothesis 3 was not accepted.**

**6.2.3.2 Entrepreneurialism**, through the application of the customer orientation

variable, has an indirect impact upon organizational effectiveness at the local government level.

Figure 6.2 shows that entrepreneurialism has an indirect impact on organizational effectiveness through the application of the customer orientation variable.

From Table 6.3, the total indirect effect of entrepreneurialism on organizational effectiveness, through the application of the customer orientation variable, can be summed as .0399.

This means that through the application of the customer orientation variable, if entrepreneurialism as it relates to organizational effectiveness changes then organizational effectiveness also changes. If the value of entrepreneurialism increases one unit then the value of organizational effectiveness increases .0399 units.

**This factor in hypothesis 3 was accepted.**

**6.2.3.3 Decentralization**, through the application of the customer orientation variable, has an indirect impact upon organizational effectiveness at the local government level.

Figure 6.2 shows that decentralization has an indirect impact on organizational effectiveness through the application of the customer orientation variable.

From Table 6.3, the total indirect effect of decentralization on organizational effectiveness, through the application of the customer orientation variable, can be

summed as .0438.

This means that through the application of the customer orientation variable, if decentralization as it relates to organizational effectiveness changes then organizational effectiveness also changes. If the value of decentralization increases one unit then the value of organizational effectiveness increases .0438 units.

**This factor in hypothesis 3 was accepted.**

**6.2.3.4 Sense of Mission**, through the application of the customer orientation variable, has an indirect impact upon organizational effectiveness at the local government level.

Figure 6-2 shows that sense of mission has an indirect impact on organizational effectiveness through the application of the customer orientation variable.

From Table 6-3, the total indirect effect of sense of mission on organizational effectiveness, through the application of the customer orientation variable, can be summed as .0300.

This means that through the application of the customer orientation variable, if sense of mission as it relates to organizational effectiveness changes then organizational effectiveness also changes. If the value of sense of mission increases one unit then the value of organizational effectiveness increases .0300 units.

**This factor in hypothesis 3 was accepted.**

**6.2.3.5 Measured Results**, through the application of the customer orientation variable, has an indirect impact upon organizational effectiveness at the local

government level.

Figure 6.2 shows that measured results have an indirect impact on organizational effectiveness through the application of the customer orientation variable.

From Table 6.3, the total indirect effect of measured results on organizational effectiveness, through the application of the customer orientation variable, can be summed as .0928.

This means that through the application of the customer orientation variable, if measured results as they relate to organizational effectiveness change then organizational effectiveness also changes. If the value of measured results increases one unit then the value of organizational effectiveness increases .0928 units.

**This factor in hypothesis 3 was accepted.**

As a whole, most of hypothesis 3 was accepted, namely, that sense of mission, decentralization, measured results, and entrepreneurialism were shown to have an indirect impact upon organizational effectiveness through the application of the customer orientation variable. However, there was one factor that did not conform to the premise of the hypothesis, namely, marketization and competition, which did not have an indirect impact on organizational effectiveness through the application of the customer orientation variable.

The structural formula for factors having an indirect impact upon organizational effectiveness through the application of the customer orientation variable is, therefore, best expressed in the form of the following equation:

Total indirect effect =  $.0300(\text{SEMI}) + .0438(\text{DECE}) + .0928(\text{MERE}) + .0399(\text{ENTR})$

#### **6.2.4 The Other Five Reinvention Factors' Indirect Impact on Organizational Effectiveness through Decentralization**

Hypothesis 4 states that marketization and competition, entrepreneurialism, customer orientation, sense of mission, and measured results, through the application of the decentralization variable, have an indirect impact upon organizational effectiveness at the local government level.

The results of the path analysis in Figure 6.2 explain the relationship of those factors having an indirect impact on organizational effectiveness at a level of significance – 0.05.

The result of testing this hypothesis can be sequentially explained - factor by factor.

**6.2.4.1 Marketization and competition**, through the application of the decentralization variable, have an indirect impact upon organizational effectiveness at the local government level.

Figure 6.2 shows that marketization and competition have an indirect impact on organizational effectiveness through the application of the decentralization variable.

From Table 6.3, the total indirect effect of marketization and competition on organizational effectiveness, through the application of the decentralization variable, can be summed as .0577.

This means that through the application of the decentralization variable, if

marketization and competition as they relate to organizational effectiveness change then organizational effectiveness also changes. If the value of marketization and competition increases one unit then the value of organizational effectiveness increases .0577 units.

**This factor in hypothesis 4 was accepted.**

**6.2.4.2 Entrepreneurialism**, through the application of the decentralization variable, has an indirect impact upon organizational effectiveness at the local government level.

Figure 6.2 shows that entrepreneurialism did not have an indirect impact on organizational effectiveness through the application of the decentralization variable.

**This factor in hypothesis 4 was not accepted.**

**6.2.4.3 Customer orientation**, through the application of the decentralization variable, has an indirect impact upon organizational effectiveness at the local government level.

Figure 6.2 shows that customer orientation did not have an indirect impact on organizational effectiveness through the application of the decentralization variable.

**This factor in hypothesis 4 was not accepted.**

**6.2.4.4 Sense of mission**, through the application of the decentralization variable, has an indirect impact upon organizational effectiveness at the local government level.

Figure 6-2 shows that sense of mission did not have an indirect impact on organizational effectiveness through the application of the decentralization variable.

**This factor in hypothesis 4 was not accepted.**

**6.2.4.5 Measured results**, through the application of the decentralization variable, have an indirect impact upon organizational effectiveness at the local government level.

Figure 6.2 shows that measured results have an indirect impact upon organizational effectiveness through the application of the decentralization variable.

From Table 6.3, the total indirect effect of measured results on organizational effectiveness, through the application of the decentralization variable, can be summed as .0755.

This means that through the application of the decentralization variable, if measured results as they relate to organizational effectiveness change then organizational effectiveness also changes. If the value of measured results increase one unit then the value of organizational effectiveness increases .0755 units.

**This factor in hypothesis 4 was accepted.**

As a whole, most of hypothesis 4 was accepted, namely, that measured results and marketization and competition were shown to have an indirect impact upon organizational effectiveness through the application of the decentralization variable. However, there were three factors that did not conform to the premise of the hypothesis, namely, customer orientation, sense of mission, and entrepreneurialism, which did not have an indirect impact on organizational effectiveness through the application of the decentralization variable.

The structural formula for those factors having an indirect impact on

organizational effectiveness, through the application of the decentralization variable, is, therefore, best expressed in the form of the following equation:

$$\text{Total indirect effect} = .0755 (\text{MERE}) + .0577 (\text{MACO})$$

### **6.2.5 The Other Five Reinvention Factors' Indirect Impact on Organizational Effectiveness through Sense of Mission**

Hypothesis 5 states that marketization and competition, entrepreneurialism, decentralization, customer orientation, and measured results, through the application of the sense of mission variable, have an indirect impact upon organizational effectiveness at the local government level.

The results of the path analysis in Figure 6.2 explain the relationship of those factors having an indirect impact on organizational effectiveness at a level of significance – 0.05.

The result of testing this hypothesis can be sequentially explained - factor by factor.

**6.2.5.1 Marketization and competition**, through the application of the sense of mission variable, have an indirect impact upon organizational effectiveness at the local government level.

Figure 6.2 shows that marketization and competition have an indirect impact on organizational effectiveness through the application of the sense of mission variable

From Table 6.3, the total indirect effect of marketization and competition on organizational effectiveness, through the application of the sense of mission variable, can be summed as .0565.

This means that through the application of the sense of mission variable, if marketization and competition as they relate to organizational effectiveness change then organizational effectiveness also changes. If the value of marketization and competition increases one unit then the value of organizational effectiveness increases .0565 units.

**This factor in hypothesis 5 was accepted.**

**6.2.5.2 Entrepreneurialism**, through the application of the sense of mission variable, has an indirect impact upon organizational effectiveness at the local government level.

Figure 6.2 shows that entrepreneurialism does not have an indirect impact on organizational effectiveness through the application of the sense of mission variable.

**This factor in hypothesis 5 was not accepted.**

**6.2.5.3 Decentralization**, through the application of the sense of mission variable, has an indirect impact upon organizational effectiveness at the local government level.

Figure 6.2 shows that decentralization has an indirect impact on organizational effectiveness through the application of the sense of mission variable.

From Table 6.3, the total indirect effect of decentralization on organizational effectiveness, through the application of the sense of mission variable, can be summed as .0386.

This means that through the application of the sense of mission variable, if decentralization as it relates to organizational effectiveness changes then

organizational effectiveness also changes. If the value of decentralization increases one unit then the value of organizational effectiveness increases .0386 units.

**This factor in hypothesis 5 was accepted.**

**6.2.5.4 Customer orientation**, through the application of the sense of mission variable, has an indirect impact upon organizational effectiveness at the local government level.

Figure 6.2 shows that customer orientation does not have an indirect impact on organizational effectiveness through the application of the sense of mission variable.

**This factor in hypothesis 5 was not accepted.**

**6.2.5.5 Measured results**, through the application of the sense of mission variable, have an indirect impact upon organizational effectiveness at the local government level.

Figure 6.2 shows that measured results have an indirect impact upon organizational effectiveness through the application of the sense of mission variable.

From Table 6.3, the total indirect effect of measured results on organizational effectiveness, through the application of the sense of mission variable, can be summed as .0981.

This means that through the application of the sense of mission variable, if measured results as they relate to organizational effectiveness change then organizational effectiveness also changes. If the value of measured results increase one unit then the value of organizational effectiveness increases .0981 units.

**This factor in hypothesis 5 was accepted.**

As a whole, most of hypothesis 5 was accepted, namely, that marketization and competition, decentralization, measured results, were shown to have an indirect impact on organizational effectiveness through the application of the sense of mission variable. However, there were two factors that did not conform to the premise of the hypothesis, namely, customer orientation and entrepreneurialism which did not have an indirect impact on organizational effectiveness through the application of the sense of mission variable.

The structural formula for those factors having an indirect impact upon organizational effectiveness, through the application of the sense of mission variable, is, therefore, best expressed in the form of the following equation:

$$\text{Total indirect effect} = .0565 (\text{MACO}) + .0386 (\text{DECE}) + .0981 (\text{MERE})$$

#### **6.2.6 The Other Five Reinvention Factors' Indirect Impact on Organizational Effectiveness through Measured Results**

Hypothesis 6 states that Marketization & Competition, Entrepreneurialism, Decentralization, Sense of Mission, Customer Orientation, through Measured Results, has indirect impact upon organizational effectiveness in the local governments.

The results of path analysis in Figure 6.2 explain the relationship of factors indirectly impacting on organizational effectiveness at a level of significance – 0.05.

The result of testing this hypothesis could be sequentially explained factor by factor.

##### **6.2.6.1 Marketization & Competition, through Measured Results, has indirect**

impact upon organizational effectiveness in the local governments.

Figure 6.2 shows that Marketization & Competition has indirect impact upon organizational effectiveness through Measured Results.

From Table 6-3, the total indirect effect of Marketization & Competition on organizational effectiveness, through Measured Results, can be summarized as .1094.

This means that through Measured Results, if Marketization & Competition relating to Organizational Effectiveness change, Organizational Effectiveness also changes. If the value of Marketization & Competition increased one unit, the value of Organizational Effectiveness increased .1094 units.

**This factor in hypothesis 6 was accepted.**

**6.2.6.2 Entrepreneurialism**, through Measured Results, has indirect impact upon organizational effectiveness in the local governments.

Figure 6-2 shows that Entrepreneurialism did not have indirect impact upon Organizational Effectiveness through Measured Results.

**This factor in hypothesis 6 was not accepted.**

**6.2.6.3 Decentralization**, through Measured Results, has indirect impact upon organizational effectiveness in the local governments.

Figure 6-2 shows that Decentralization did not have indirect impact upon Organizational Effectiveness through Measured Results.

**This factor in hypothesis 6 was not accepted.**

**6.2.6.4 Sense of Mission**, through Measured Results, has indirect impact upon

organizational effectiveness in the local governments.

Figure 6.2 shows that Sense of Mission did not have indirect impact upon Organizational Effectiveness through Measured Results.

**This factor in hypothesis 6 was not accepted.**

**6.2.6.5 Customer Orientation**, through Measured Results, has indirect impact upon organizational effectiveness in the local governments.

Figure 6.2 shows that Customer Orientation did not have indirect impact upon Organizational Effectiveness through Measured Results.

**This factor in hypothesis VI was not accepted.**

As a whole, the majority of hypothesis VI was not accepted, namely, that, Decentralization, Entrepreneurialism, Sense of Mission, and Customer Orientation, were shown to have not indirect impacts to Organizational Effectiveness through Measured Results. However, there were a factor that confirmed to the hypothesis VI, namely, Marketization & Competition which did have indirect impact upon Organizational Effectiveness through Measured Results.

The structural equation for factors has indirect impact upon Organizational Effectiveness, through Measured Results, is, therefore, best expressed in the form of the following equation:

$$\text{Total indirect effect} = .1094 \text{ (MACO)}$$

All results of hypotheses testing can be summarized in Table 6.4.

**Table 6.4 Summary of Hypotheses Testing**

| <b>Factors in the Hypothesis</b> | <b>Impact</b>  | <b>Accepted</b>         | <b>Not Accepted</b>     |
|----------------------------------|--|-------------------------|-------------------------|
| <b>Hypothesis I</b>              |  | <b>Accepted</b>         |                         |
| Entrepreneurialism               | <b>Direct Impact on Organizational Effectiveness</b>                                 | √                       |                         |
| Customer Orientation             |  | √                       |                         |
| Decentralization                 |  | √                       |                         |
| Sense of Mission                 |  | √                       |                         |
| Measured Results                 |  |                         | √                       |
| Marketization & Competition      |  |                         | √                       |
| <b>Hypothesis II</b>             |  |                         | <b>Partial Accepted</b> |
| Customer Orientation             | <b>Indirect Impact on Organizational Effectiveness, Through Entrepreneurialism</b>   |                         | √                       |
| Decentralization                 |  | √                       |                         |
| Sense of Mission                 |  |                         | √                       |
| Measured Results                 |  | √                       |                         |
| Marketization & Competition      |  | √                       |                         |
| <b>Hypothesis III</b>            |  | <b>Accepted</b>         |                         |
| Entrepreneurialism               | <b>Indirect Impact on Organizational Effectiveness, Through Customer Orientation</b> | √                       |                         |
| Decentralization                 |  | √                       |                         |
| Sense of Mission                 |  | √                       |                         |
| Measured Results                 |  | √                       |                         |
| Marketization & Competition      |  |                         | √                       |
| <b>Hypothesis IV</b>             |  | <b>Partial Accepted</b> |                         |
| Entrepreneurialism               | <b>Indirect Impact on Organizational Effectiveness, Through Decentralization</b>     |                         | √                       |
| Customer Orientation             |  |                         | √                       |
| Sense of Mission                 |  |                         | √                       |
| Measured Results                 |  | √                       |                         |
| Marketization & Competition      |  | √                       |                         |
| <b>Hypothesis V</b>              |  | <b>Partial Accepted</b> |                         |
| Entrepreneurialism               | <b>Indirect Impact on Organizational Effectiveness, Through Sense of Mission</b>     |                         | √                       |
| Customer Orientation             |  |                         | √                       |
| Decentralization                 |  | √                       |                         |
| Measured Results                 |  | √                       |                         |
| Marketization & Competition      |  | √                       |                         |

Table 6.4 (Continued)

| Hypothesis VI               |  | Partial Accepted |   |
|-----------------------------|--|------------------|---|
| Entrepreneurialism          | <b>Indirect Impact on<br/>Organizational<br/>Effectiveness, Through<br/>Measured Results</b> |                  | √ |
| Customer Orientation        |  |                  | √ |
| Decentralization            |  |                  | √ |
| Sense of Mission            |  |                  | √ |
| Marketization & Competition |  | √                |   |

### 6.3 Interpretation of Findings

Following the path analysis of those *government reinvention* factors affecting the organizational effectiveness of local governments across the United States, it can be ascertained that sense of mission and entrepreneurialism had the greatest impact. Whereas customer orientation and decentralization had a moderate impact, marketization and competition and measured results had only an indirect impact upon organizational effectiveness through the application of the other factors. These parameters measured at a level of significance - 0.05.

As for the interaction of the aforementioned factors, through the application of entrepreneurialism, decentralization, measured results, and marketization and competition, it was shown to have an indirect impact upon organizational effectiveness. However, customer orientation and sense of mission did not have an indirect impact on organizational effectiveness through the application of the entrepreneurialism variable.

As for the interaction of the individual factors - sense of mission, decentralization, measured results, and entrepreneurialism - it was shown to have an indirect impact upon organizational effectiveness through the application of the customer orientation variable.

However, marketization and competition did not have an indirect impact upon organizational effectiveness through the application of the customer orientation variable.

As for the interaction of the individual factors - measured results and marketization and competition – it was shown to have an indirect impact upon organizational effectiveness through the application of the decentralization variable. However, customer orientation, sense of mission, and entrepreneurialism did not have an indirect impact upon organizational effectiveness through the application of the decentralization variable.

As for the interaction of the individual factors - marketization and competition, decentralization, and measured results – it was shown to have an indirect impact on organizational effectiveness through the application of the sense of mission variable. However, customer orientation and entrepreneurialism did not have an indirect impact on organizational effectiveness through the application of the sense of mission variable.

As for the interaction of the aforementioned factors, through the application of measured results and marketization and competition, it was shown to have an indirect impact on organizational effectiveness. However, entrepreneurialism, decentralization, customer orientation and sense of mission did not have an indirect impact upon organizational effectiveness through the application of the measured results variable.

As for the interaction of the individual factors - entrepreneurialism, customer orientation, decentralization, sense of mission, and measured results – it was shown to have an indirect impact upon organizational effectiveness through the application of the marketization and competition variable.

In particular, the path analysis in Figure 6.2 revealed that improvement of organizational effectiveness depended upon the causal primary factors, which are entrepreneurialism, customer orientation, decentralization, sense of mission, measured results, and marketization and competition. The study's empirical findings support the view that continued improvement in organizational effectiveness depended upon acceleration of the *government reinvention* program. The integrated model included in this report further elaborates that organizational effectiveness appears to be more compelled to improve by implementing *government reinvention*.

From another analytical angle, in reviewing the path analysis diagrams from Figures 5.2 to 5.9, it is easier to understand the details of causal relationship. Following the path analysis of the *government reinvention* factors affecting organizational effectiveness at the local government level in the United States, the following can be surmized:

(1) Entrepreneurialism had great impact upon Organizational Effectiveness, especially on aspects of Resource Acquisition (.194), Stability & Control (.295), Information Management & Communication (.294), Value of HR Training (.227), and Cohesion/Morale (.262).

(2) Sense of Mission had great impact on Organizational Effectiveness, especially on aspects of Planning & Goal Setting (.199), Value of HR Training (.307), and Cohesion/Morale (.199).

(3) Marketization & competition had great impact upon Organizational Effectiveness, especially on aspects of Productivity & Efficiencies (.223), Resource

Acquisition (.175) and Planning & Goal Setting (.429).

(4) Measured Result had great moderate upon Organizational Effectiveness, especially on aspects of Productivity & Efficiencies (.183) and Resource Acquisition (.250).

(5) Customer Orientation had great impact upon Organizational Effectiveness, especially on aspects of Productivity & Efficiencies (.194) and Flexibility & Readiness (.384).

(6) Decentralization had only direct impacts upon one aspect of Organizational Effectiveness through affecting Cohesion/Morale (.280). These parameters measured at a 0.05 level of significance.

The above statistical results are help to explain how reinvention factors affect organizational effectiveness elementally - factor by factor. On the following analysis part of each factor, we have more detail description on it.

As said on the final report of NPR, "Reinventing Government – Status of NPR Recommendations at 10 Federal Agencies", "The agencies reported a wide range of effects, the vast majority of which were positive, in relation to their efforts to implement NPR's recommendations" (Gore, 2000: 7). Here, we groups the positive effects into the following categories to the detail interpretation of causal factors impacted on Organizational Effectiveness.

### **6.3.1 Entrepreneurialism**

The first factor affecting Organizational Effectiveness is Entrepreneurialism.

### **6.3.1.1 Entrepreneurialism's Impact on Organizational Effectiveness**

As depicted in Figure 6.2 and shown in Table 6.1, and Table 6.2, Entrepreneurialism has a direct effect on Organizational Effectiveness. The direct effect on Organizational Effectiveness is .250 and significant at .05 level, as measured by the parameter estimate.

From impact on sub-factor of Organizational Effectiveness, as shown in Figure 5.2 –5.9, Entrepreneurialism had great impact on aspects of Resource Acquisition (.194), Stability & Control (.295), Information Management & Communication (.294), Value of HR Training (.227), and Cohesion/Morale (.262).

From our analysis results, the impact of Entrepreneurialism is obvious that it created a new integrated model for local government's performance. (Say, 1994) Entrepreneurship...[It represents] a new model of government in which hitherto core public services would actually be provided, on contract, by risk-taking, entrepreneurial private sector organizations. The much diminished public service would then become an enabler rather than a provider, its role reduced to one of specifying and monitoring of contracts.

Got from our results, we realized that Government Reinvention “have accomplished what government's critics demand; entrepreneurial actions by public servants to improve public services and local agencies are directly counter to assumptions that public servants care little about operational efficiency and effectiveness. “ (Holzer, 1998)

Our findings supported by what our reinventor expected. The entrepreneur, Say concluded (Say, 1994), shifts economic resources out of an area of lower and into an area of higher productivity and greater yield. An entrepreneur, in other words, uses resources in new ways to maximize productivity and effectiveness.

#### **6.3.1.2 Entrepreneurialism's Impact through Customer Orientation on Organizational Effectiveness:**

As we expected, Entrepreneurialism has an indirect effect on Organizational Effectiveness. Depicted in Figure 6.2 and shown in Table 6.1, and Table 6.2, the indirect effect on Organizational Effectiveness is .0399 and significant at .05 level, as measured by the parameter estimate. However, the size of its coefficient validates our claim that even when Entrepreneurialism has occurred, there are other mechanism that must be in place in order for Organizational Effectiveness to occur. It means that Entrepreneurialism has indirect impact through Customer Orientation on Organizational Effectiveness.

This study results support Osborne & Gaebler's claims; and through Customer Orientation, entrepreneurialism approach can ameliorate performance of organizations in the local government (Osborne & Gaebler, 1993)

The most powerful approach is to force public service-delivery organization to function as business enterprises with financial bottom lines, preferably in competitive markets. We call this *enterprise management*. Rather than acquiring their revenues from government appropriations of tax dollars, these public enterprise earn money by selling goods and services directly to their customers.

Enterprise management makes agencies directly accountable to their customers.

Enterprise management empowers public enterprises to make the long-term financial decisions necessary to maximize value for their customers.

How can Entrepreneurialism affect customer orientation and had a final impact on Organizational Effectiveness? Our results are satisfied the explanation of Osborne & Gaebler (1993)

If a public organization produces goods or services that can be sold to customers, it can be structured as an enterprise. This applies to agencies that serve “external” customers, like citizens and businesses. But it also applies to government’s “external” providers—agencies that supply other public organizations with printing, vehicle maintenance and fleets, data processing, and other services.

Internal Enterprise Management is the application of enterprise management—including corporatization, enterprise funds, user fees, and the withdrawal of monopoly status—to make internal service units accountable to their customers, the agencies they serve.

We also can reach to the estimate of entrepreneurialism’s impact on Organizational Effectiveness in our analysis results and to confirm Osborne & Gaebler’s statements (1993):

- Enterprise management uses market forces, not contract bids or administrative performance targets, to create consequences for performance.
- Enterprise management forces continual improvement, because the competition is constant; it doesn’t just happen at contract or review time.
- Enterprise management sharpens the consequences of an agency’s performance.

- Enterprise management saves money because it is simple to administer.
- Finally, enterprise management radically simplifies the politics of improving performance.

### **6.3.2 Customer Orientation**

The second factor affecting Organizational Effectiveness is Customer Orientation.

#### **6.3.2.1 Customer Orientation's Impact on Organizational Effectiveness**

As depicted in Figure 6.2 and shown in Table 6.1, and Table 6.2, Customer Orientation has a direct effect upon Organizational Effectiveness. The direct effect on Organizational Effectiveness is .183 and significant at .05 level, as measured by the parameter estimate.

From impact on sub-factor of Organizational Effectiveness, as shown in Figure 5.2 –5.9, Customer Orientation had impact upon aspects of Productivity & Efficiencies (.194) and Flexibility & Readiness (.384).

Our finding that Customer Orientation is positively and directly correlated with Organizational Effectiveness is consistent with Gore's claim. From Gore's book, "Businesslike Government", (1997: 7), we can get more deeply realization to its impacts upon Organizational Effectiveness. Most of what successful businesses, and now government, have learned can be summed up in two principles: focus on customers, and listen to workers.

Customer Orientation Approach is tested in our hypothesis to be a key tool to realize the goals of governmental organizations. Throughout government, regulators are

adding customer-friendly ideas because they get better results than they got with badges and fines. It's a key tool in building partnerships to reach regulatory goals. When we thought it through, we found that the idea of customers actually worked for all agencies, at least for part of what they do. (Gore, 1996: 37)

#### **6.3.2.2 How does Customer Orientation's Impact on Organizational Effectiveness**

From what we have found, it is very evidently that Osborne & Gaebler's expectation (1993) is ratified by our analysis, and we can find a reasonably argument:

First, customer-driven systems force service providers to be accountable to their customers. Because customers can take their business elsewhere, providers must constantly seek feedback on their needs and then do what is necessary to meet them. (Osborne & Gaebler, 1993)

Second, customer-driven systems depoliticize the choice -of-provider decision. Even in competitive service delivery systems, public agencies usually contract with various providers (e.g., for training) or allocate budgets between various providers (e.g., between public colleges). (Osborne & Gaebler, 1993)

Third, customer-driven systems stimulate more innovation. When providers have to compete, they constantly look for ways to cut their costs and increase their quality. (Osborne & Gaebler, 1993)

Fourth, customer-driven systems give people choices between different kinds of services. Standardization was very important to the Progressives, because the political machines of the day often dispensed services unevenly. (Osborne & Gaebler, 1993)

Fifth, customer-driven systems waste less, because they match supply to demand. The type and volume of most public services are determined not by what customers want-by their demand-but by law. (Osborne & Gaebler, 1993)

Sixth, customer-driven systems empower customers to make choices, and empowered customers are more committed customers. Education research shows that students are more committed to education in schools they have chosen. Schools of choice have lower dropout rates, fewer discipline problems, better student attitudes, and higher teacher satisfaction. (Osborne & Gaebler, 1993)

Finally, customer-driven systems create greater opportunities for equity. When governments fund programs or institutions directly, equity becomes difficult to enforce. (Osborne & Gaebler, 1993)

However, our findings explored that Customer Orientation didn't through the other factors affect Organizational Effectiveness, because it is an external organizational performance element, and directly it is a cause for affecting Organizational Effectiveness. In contract, the other factors through it affect Organizational Effectiveness.

### **6.3.3 Decentralization**

The third factor in relation to Organizational Effectiveness is Decentralization.

#### **6.3.3.1 Decentralization's Impact on Organizational Effectiveness**

As depicted in Figure 6.2 and shown in Table 6.1, and Table 6.2, Decentralization has a direct effect on Organizational Effectiveness. The direct effect upon Organizational Effectiveness is .171 and significant at .05 level, as measured by the parameter estimate.

Especially, from impact on sub-factor of Organizational Effectiveness, as shown in Figure 5.2 –5.9, Customer Orientation had impact upon aspects of Cohesion/Morale (.280).

It becomes clear through this study, Decentralization is still a key factor to Organizational Effectiveness on Government Reinvention in the local government. This study's result analysis renders strong evidence of the vital importance of decentralization for government reinvention with a view to Organizational Effectiveness in the local government. It confirms Peter's arguments (1988), among the benefits ascribed to decentralization are improved efficiency (smaller administrative units), improved public access and information (government closer to the people), and, therefore, better control and accountability. Deconcentration, which passes operating responsibility but not necessarily decision-making responsibility to lower levels, aims at basically the same objective.

What we can make sure is that decentralization is real work on Organizational Improvement in local government reinvention. It is a major component of schemes for "modernization" of the public sector. (Peters, 1988) It is a way of coping with problems that is more acceptable than most...decentralization touches... decentralization appeals to conservative ideologues who consider returning policies "to the people" (or to the market) to be the most efficient means of solving problems.

#### **6.3.3.2 Decentralization's Impact through the other three factors on Organizational Effectiveness**

As we expected, decentralization has an indirect effect on Organizational Effectiveness. Depicted in Figure 6.2 and shown in Table 6.1, and Table 6.2, the indirect effect on Organizational Effectiveness is .1282 and significant at .05 level, as measured by the parameter estimate. However, the size of its coefficient validates our claim that even when decentralization has occurred, there are some other mechanisms that must be in place in order for Organizational Effectiveness to occur. It means that decentralization has indirect impact through Entrepreneurialism, Customer Orientation and Sense of Mission on Organizational Effectiveness.

From what has been tested and documented in this study, it could be concluded that decentralization as an important factor has indirect impact on Organizational Effectiveness due to its affecting on Entrepreneurialism, Customer Orientation and Sense of Mission. Our findings gave Osborne & Gaebler's views a powerful support (1993):

First, they are far more flexible than centralized institutions; they can respond quickly to changing circumstances and customers' needs. It helps to make more concentrate to our customers and make more easy to access their needs.

Second, decentralized institutions are more effective than centralized institutions. Frontline workers are closest to most problems and opportunities: they know what actually happens, hour by hour and day by day. Often they can craft the best solutions-if they have the support of those who run the organization.

Third, for entrepreneurialism, the only way we could serve our business in a rapidly changing marketplace was by decentralizing authority.

Fourth, decentralized institutions generate higher morale, more commitment, and greater productivity. When managers entrust employees with important decisions, they signal their respect for those employees.

Fifth, in the part of the sense of mission, it shifts the form of control used from detailed rules and hierarchical commands to shared missions and systems that create accountability for performance. It empowers organizations by loosening the grip of the central control agencies.

#### **6.3.4 Sense of Mission**

The fourth factor affecting Organizational effectiveness is Sense of Mission.

##### **6.3.4.1 Sense of Mission's Impact on Organizational Effectiveness**

As depicted in Figure 6.2 and shown in Table 6.1, and Table 6.2, Sense of Mission has a direct effect on Organizational Effectiveness. The direct effect on Organizational Effectiveness is .189 and significant at .05 level, as measured by the parameter estimate.

From impact on sub-factor of Organizational Effectiveness, as shown in Figure 5.2 –5.9, Sense of Mission had impact on aspects of Planning & Goal Setting (.199), Value of HR Training (.307), and Cohesion/Morale (.199).

A strong sense of mission is an important factor in the analysis. Undoubtedly, our findings about Sense of Mission is quite significant to our reinvention theory. What we have known is to be confirmed about the role of Sense of Mission recognized by NPR (1993, 1996). Improve federal program effectiveness and public accountability by

promoting a new focus on mission-driven, results, service quality, and customer satisfaction.

It is more clearly that Sense of Mission requires all agencies to define their long-term goals, set specific annual performance targets, and report annually on performance compared to targets. It calls for some key components strategic plans, annual performance plans, and annual performance reports and provides the managerial flexibility that is crucial to mission-driven, results-oriented budgeting and management.

#### **6.3.4.2 Sense of Mission's Impact through Customer Orientation on Organizational Effectiveness**

As we expected, Sense of Mission has an indirect effect on Organizational Effectiveness. Depicted in Figure 6.2 and shown in Table 6.1, and Table 6.2, the indirect effect on Organizational Effectiveness is .0300 and significant at .05 level, as measured by the parameter estimate. However, the size of its coefficient validates our claim that even when Sense of Mission has occurred, there are other mechanism that must be in place in order for Organizational Effectiveness to occur. It means that Sense of Mission has indirect impact through Customer Orientation on Organizational Effectiveness.

Supporters of government reinvention appear to be correct in their argument that a strong sense of mission contributes to Organizational Effectiveness. The arguments from NPR's report (1993) have been confirmed by our findings. We can not deny that mechanism of mission drove the government to stronger customer-oriented mission or objectives. Today, concerns with government inefficiency and mounting deficits are spurring federal programs such as **sense of mission** to improve performance. For

example, the Internal Revenue Service (IRS) has developed a strategic plan with a strong customer-oriented mission, explicit performance objectives, and a strategy for achieving those objectives.

What is clearly significant is that a strong sense of mission has a direct and indirect effect on organizational effectiveness in local government. Agencies with personnel who more completely understand and commit themselves to pursuing the goals of the agency are more successful in attaining goals related to their mission.

However, Sense of Mission factor demonstrates very different effects on the other associated factors to impact organizational performance. The most significant is sense of mission interfering with customer orientation. Anyway, we still believe it may have effects on the other factors, although there are not any significant impact shown in this study.

We are not surprising with this finding, as scholars of bureaucracy from Barnard to James Q. Wilson have championed the benefits from a strong sense of mission (Barnard 1968:86-89; Selznick 1957: 60; J.Q.Wilson 1989:26.). Osbore & Gaebler's claim just repeated their requirements in reinvention theory.

### **6.3.5 Measured Results**

The fifth factor affecting Organizational Effectiveness is Measured Results.

#### **6.3.5.1 Measured Results' Impact on Organizational Effectiveness through the other four factors**

As we expected, Measured Results has an indirect effect on Organizational

Effectiveness. Depicted in Figure 6.2 and shown in Table 6.1, and Table 6.2, the indirect effect on Organizational Effectiveness is .3404 and significant at .05 level, as measured by the parameter estimate. However, the size of its coefficient validates our claim that even when Measured Results has occurred, there are some other mechanisms that must be in place in order for Organizational Effectiveness to occur. It means that Measured Results has indirect impact through Entrepreneurialism, Customer Orientation, decentralization, and Sense of Mission on Organizational Effectiveness.

From impact on sub-factor of Organizational Effectiveness, as shown in Figure 5.2 –5.9, Measured Results had impact on aspects of Productivity & Efficiencies (.183) and Resource Acquisition (.250).

The data analysis indicates that Measured Results approach is an important factor in organizational effectiveness. In consistent, “Effectively Implement the Government Performance and Results Act of 1993” is a provable claim to our findings. NPR’s report (1993) can be cited as a collateral evidence for our analysis here:

An emphasis on managing for results is also permeating state and local government. Sunnyvale, California, began adopting comprehensive performance planning, measurement, and budgeting as part of a new approach to city management. Sunnyvale's success has stimulated results-oriented management in other states and cities. Florida, Minnesota, Texas, and Phoenix, Arizona, are among those that are changing their management practices to emphasize results and improve performance.

Our findings found the role of it played on NPR (1993) can not be ignored:

By adopting mission-driven, results-oriented budgeting, it can:

- provide leaders with better means to make political choices, set goals, and establish priorities among many competing demands and desirable ends for customer services;
- encourage long-term thinking, define goals, translate them into desired results, and use performance measures more effectively to make more informed decisions on program priorities and resource allocations;
- translate choices about goals and priorities into actions/performance objectives and standards and communicate those objectives and standards more effectively to the 2 million federal employees;
- remove needless constraints on managers' uses of resources to encourage innovation and provide positive incentives to manage effectively and cut wasteful spending; and
- convert accountability for spending money to accountability for achieving results within resources allocated to meet or exceed performance standards and objectives.

#### **6.3.5.2 How does Measured Results' Impact on Organizational Effectiveness**

The finding told us, that the great factor that produces statistically significant results is the extent to which governmental agencies measured the outcomes of their activities. Of course, impact of Measured Results has to be through the other factors indirect on Organizational Effectiveness. Gore's NPR report (1993) has told us how these factors interacted with each other. Managing for results, however, speaks about

leadership. It requires benchmarking performance against higher standards and reaching beyond those things within the manager's direct control and working with other organizations to achieve higher order outcomes. It also requires continuous change to refine strategies, respond to customer and employee feedback, and take advantage of new information and technology.

In local government level, the association between measured results and organizational effectiveness clearly is positive. However, measured results approach is also a motivator to energize the other factors such as Entrepreneurialism, Customer Orientation, decentralization, and Sense of Mission, and tends to interfere with organizational effectiveness. It is not surprising that the champions of REGO who cite measured results as a shining path to bureaucratic effectiveness (Osborne and Gaebler 1993: 146-55; Gore 1993: Ch.3; Barzelay 1992:106)

### **6.3.6 Marketization & Competition**

What is the role of Marketization & competition on our findings analysis? We strongly believe, our results can offer an explanation to the expectation.

#### **6.3.6.1 Marketization & Competition's Impact on Organizational Effectiveness through the other five factors**

As we expected, Marketization & competition has an indirect effect on Organizational Effectiveness. Depicted in Figure 6.2 and shown in Table 6.1, and Table 6.2, the indirect effect on Organizational Effectiveness is .2858 and significant at .05 level, as measured by the parameter estimate. It seems that, the size of its coefficient

validates our claim that even when Measured Results has occurred, there are some other mechanisms that must be in place in order for Organizational Effectiveness to occur. It means that Marketization & competition has indirect impact through Entrepreneurialism, decentralization, Sense of Mission, and Measured Results on Organizational Effectiveness.

However, from impact on sub-factor of Organizational Effectiveness, as shown in Figure 5.2 –5.9, Marketization & competition had impact on aspects of Productivity & Efficiencies (.223), Resource Acquisition (.175) and Planning & Goal Setting (.429).

Therefore, our results of the analysis testing of Marketization & competition show having impact on Organizational Effectiveness strongly support Osborne & Gaebler, (1993) and Guy Peters (1996)'s contention that the market perspective on governing places a great deal of emphasis on "improving" management and the most obvious advantage of competition is greater efficiency.

Implementing such a system of market-oriented organizations assumes a capacity to monitor effectively and measure adequately the performance of the decentralized bodies created. Thus, this organizational pattern appears applicable to the "machine" functions of government (Mintzberg 1979) but probably less so to the complex social and developmental tasks that governments must also perform (Romzek and Dubnick 1994; Guy Peters, 1996)

The market-oriented view of government and its bureaucracy supposes a good deal of autonomy for agencies within the public sector. (Guy Peters, 1996)

### **6.3.6.2 How does Marketization and Competition Affect Organizational Effectiveness?**

The findings of this study point out that the best prescription for *organizational effectiveness* is the application of *marketization and competition* so as to permit local governments to be more dynamic, flexible, and innovative in their drive to attain a performance-based, entrepreneurial standard. The claim of Reinvention theorists like Osborne and Gaebler and others (e.g. Chubb, Moe, Peterson, Niskanen and Schultze) that a market-oriented and competitive environment tends to improve the *organizational effectiveness* of government agencies (which is even more vital in this age of the information technology revolution) – is supported by the results of this study. Indeed, this is very important confirmation of the Reinvention theorists' perception of the NPR's inherent value.

Osborne and Gaebler stated in 1993 that enterprise management is the most powerful of the consequences because the competition it creates is automatic and unrelenting.

Both enterprise management and managed competition often force public organizations to downsize, sometimes rapidly. When they lose contracts or market share, they have to get by with fewer employees.

As Gore observed: "Results are measured as the customer would - by better and more efficiently delivered services." (Gore, 1993c: 67)

However, the findings of this report illustrate that all factors are affected by *marketization and competition* which then has an indirect impact upon *organizational*

*effectiveness*. But from detailed sub-factor analysis, *marketization and competition* has a direct impact on those aspects pertaining to productivity and efficiencies (.223), resource acquisition (.175) as well as planning and goal setting (.429). Despite the fact that from an overall perspective of *organizational effectiveness* no proof was generated concerning a direct impact result.

Marketization and competition are the external mechanisms for administrative reform. The fundamental intellectual root of the market approach to changing the public sector is the belief in the efficiency of markets as the appropriate mechanism for allocating resources within a society (Peters, 1996). It is also very significant that the direct impact of marketization and competition is primarily focused on those aspects pertaining to productivity and efficiencies, resource acquisition as well as planning and goal setting. Yet overall, marketization and competition appears to affect organizational effectiveness through other factors such as entrepreneurialism, customer orientation, decentralization, sense of mission, and measured results. Simply put, *marketization and competition* did not have a direct impact upon *organizational effectiveness*.

Derived from the model included in this study, the most dramatic and reliable particular finding from this analysis was that marketization and competition as a motivator for reform is an important contributor to organizational effectiveness for governmental agencies. It seems likely, though not certain, that marketization and competition possess a more influential role in determining organizational effectiveness than other factors. What is absolutely clear, nonetheless, is that marketization and competition is the variable in the analysis that is most closely associated with

governmental performance. Consistent with the claims of Guy Peter, its successful implementation would result in a more effective and efficient governmental agency, and the findings of this study demonstrate this significant effect in statistical terms. (Peter, 1996: 45)

## CHAPTER 7

### SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

#### 7.1 Summary and Conclusions

##### 7.1.1 Successful Results from Government Reinvention Practices

When analyzing the employment of *government reinvention* from 1993 to 2000, the results of the study are very reasonable and can be supported interactively. It has been a great jump since 1993 for the reinventing government movement in the United States. Ted Gaebler concluded in his new book, Positive Outcomes—Raising the Bar on Government Reinvention (1999), much has been accomplished since 1992 when the process of *reinventing government* was first published, gained recognition for state and local government initiatives, and served as a template for restructuring at the federal level. Unquestionably, however, much more can and must be done if the governments are driven to improve productivity.

Gore's final report of the National Performance Review in 2001 provided a framework for the successful utilization of *government reinvention* practices. Throughout government, front-line workers are asking their customers what they need, instead of telling them. Local government agencies are beginning to manage the work of the people like the best in business. Along the way, government is getting smaller. As a result of actions taken on account of recommendations made in 1993, there are more than 160,000 fewer federal employees than when *government reinvention* was introduced. It is

continuing to downsize on a daily basis. Savings totaling \$58 billion are locked in. Another \$50 billion are on the way.

For achieving good results, the US government made great efforts to reinvent itself. For instance, the rules be written in plain language and that obsolete ones be dropped. As a result, of the 86,000 pages of federal regulations reviewed so far, 16,000 pages of obsolete regulations have been withdrawn. Another 31,000 are being reworked. Agencies held more than 300 meetings around the country and identified 40 instances where negotiating made sense.

Putting customers first has become part of the mainstream in local government. According to this study, there are many cases whereby local governments asked their customers what they wanted and how they defined good service. They used these results to develop customer service standards. Then more than 200 agencies did something most businesses don't do — they published their standards and distributed them to their customers. Just recently, agencies surveyed their customers to find out how well the government is living up to those standards, and they will use the responses to improve service even more.

Marketization and competition helped local government agencies to unload their heavy financial expenses and to save money so as to attain reasonable budgeting standards and to delete obsolete programs. Outmoded government programs and and fiscal mismanagement cause much annoyance amongst the American public— after all, it's their money. Since the reinventing government initiative began in 1993, the Clinton Administration has proposed eliminating more than 400 archaic programs and is in the

process of closing more than 2,000 unnecessary field offices. But that wasn't enough. The government to launch a new effort to identify additional programs that could be reinvented, terminated, privatized, or sold. Nearly \$70 billion has been identified in new savings.

Measured results also made a great success in the NPR. To better manage its business, local government agencies are beginning to measure what matters. All local government agencies have developed measures of performance. And in 1998, the federal government had its first financial statement thereby allowing Americans to know for the first time whether they are getting what they pay for. Agencies are beginning to evaluate their employees' performance based on results, like reduced worker injuries, and not on the number of fines or penalties assessed. In the process, they are reducing regulatory and administrative burdens on the public by nearly \$28 billion.

Finally, entrepreneurialism obligated local governments to perform their jobs just like the private sectors. In fact, local governments now are comparing their operations to the best in business — and increasingly are heating their private sector competitors

### **7.1.2 Summary and Conclusions with regards to Research Findings and Analysis**

What was obtained from the study's findings strongly supports Osborne's expectations concerning the government reinvention approach: Government reinvention is an enormously powerful impetus to improve government's effectiveness. "To create a public enterprise, you must first uncouple government's commercial activities and give them institutional structures that hold them financially accountable. You then make them

dependent on their customers for their revenue. Next you give them the flexibility to respond to their customers and markets, freeing them from the usual administrative control systems that set rigid rules for most public agencies. Finally, unless they are natural monopolies, you make them compete.” (Osborne & Gaebler, 1993)

The reinventing government movement has captivated the field of public administration in the United States with its tale of improving government performance by replacing outdated bureaucratic organizations with new entrepreneurial organizations (Wolf, 1997). Consequently, this study has tried to use the theory of reinventing government to analyze the administrative reform process taking place at the local government level. Furthermore, this study has tested some of the main propositions of reinventing government regarding administrative reform and organizational effectiveness in the United States through empirical survey techniques as well as through the employment of qualitative and quantitative analysis approaches. When data generated by a comparative case analysis was examined, the hypotheses which had been tested proved that the reinventing government paragon is essential for the improvement of organizational effectiveness. To this end, the study's findings of government reinvention conducted at the local government level are examined to see if such a revolution is indeed occurring. The conclusion is drawn that some, but by no means all, of Osborne and Gaebler's propositions are supported by the survey's evidence, although their account of how reform has come about requires further exploration. Therefore, in order to enhance the organizational effectiveness of

local governments, a conclusion was arrived at that argued that local governments should be encouraged to transform, or to undergo reinvention, from being simply administrative, accountable and bureaucratic agencies into competitive, market-oriented, and entrepreneurial entities.

This study has attempted to answer the following questions:

- 1) Do the theoretical factors of reinventing government have a significant impact upon the organizational effectiveness of local government?
- 2) Do these factors interact with each other to affect organizational effectiveness in local government?
- 3) What are the more significant theoretical factors affecting organizational effectiveness in local government? and
- 4) How did the theoretical factors of reinventing government affect significantly organizational effectiveness in local government?

To answer these questions, a model for analysis was established based on a literature review, qualitative research, and a theoretical framework.

Under the model for analysis, six hypotheses were proposed:

- 1) *Entrepreneurialism, customer orientation, decentralization, sense of mission, measured results, and marketization and competition*, characteristics contained within the reinventing government model, have a direct impact upon organizational effectiveness at the local government level.
- 2) *Marketization and competition, decentralization, sense of mission, measured results, customer orientation*, through the application of the *entrepreneurialism* variable,

- have an indirect impact upon organizational effectiveness at the local government level.
- 3) *Entrepreneurialism, decentralization, sense of mission, measured results, and marketization and competition*, through the application of the *customer orientation* variable, have an indirect impact upon organizational effectiveness at the local government level.
  - 4) *Entrepreneurialism, customer orientation, sense of mission, measured results, and marketization and competition*, through the application of the *decentralization* variable, have an indirect impact upon organizational effectiveness at the local government level.
  - 5) *Entrepreneurialism, customer orientation, decentralization, measured results, and marketization and competition*, through the application of the *sense of mission* variable, have an indirect impact upon organizational effectiveness at the local government level.
  - 6) *Entrepreneurialism, customer orientation, decentralization, sense of mission, and marketization and competition*, through the application of the *measured results* variable, have an indirect impact upon organizational effectiveness at the local government level.

To test these hypotheses, stratified cross-sectional samplings were used for survey samples. A questionnaire was used as an instrument to obtain the primary data. A five-point Likert-type scale was constructed to measure the variables.

Both descriptive and analytical statistics were used for the analysis. Descriptive analysis was constructed to explain characteristics of the respondents and to provide a description of the variables under scrutiny, whereas multiple regression and path analysis were used to test the hypotheses.

As a whole, the majority of those factors put forward in hypothesis 1 were accepted, namely, that *entrepreneurialism*, *customer orientation*, *decentralization*, *sense of mission*, were shown to have a direct impacts to upon organizational effectiveness. However, there were two factors that did not conform to the premise of hypothesis 1, namely, *measured results* and *marketization and competition* which did not have a direct impact upon organizational effectiveness.

The majority of those factors put forward in hypothesis 2 were accepted, namely, that *decentralization*, *measured results*, *marketization and competition*, were shown to have an indirect impact upon organizational effectiveness through the application of the *entrepreneurialism* variable. However, there were two factors that did not conform to the premise of hypothesis 2, namely, *customer orientation* and *sense of mission* which did not have an indirect impact upon organizational effectiveness through the application of the *entrepreneurialism* variable.

Nearly all those factors put forward in hypothesis 3 were accepted, namely, that *entrepreneurialism*, *decentralization*, *sense of mission*, and *measured results*, were shown to have an indirect impact upon organizational effectiveness through the application of the *customer orientation* variable. However, there was one factor that did not conform to the premise of hypothesis 3, namely, *marketization and competition*,

which did not have an indirect impact upon organizational effectiveness through the application of the *customer orientation* variable.

Two factors put forward in hypothesis 4 were accepted, namely, that *measured results* and *marketization and competition* were shown to have an indirect impact upon organizational effectiveness through the application of the *decentralization* variable. However, there were three factors that did not conform to the premise of hypothesis 4, namely, *entrepreneurialism*, *customer orientation*, and *sense of mission*, which did not have an indirect impact upon organizational effectiveness through the application of the *decentralization* variable.

Most of those factors put forward in hypothesis 5 were accepted, namely, that *decentralization*, *measured results*, and *marketization and competition*, were shown to have an indirect impacts upon organizational effectiveness through the application of the *sense of mission* variable. However, there were two factors that did not conform to the premise of hypothesis 5, namely, *entrepreneurialism* and *customer orientation*, which did not have an indirect impact upon organizational effectiveness through the application of the *sense of mission* variable.

Only one of those factors put forward in hypothesis 6 was accepted, namely, that *marketization and competition* were shown to have an indirect impact upon organizational effectiveness through the application of the *measured results* variable. However, there were four factors that did not confirm conform to the premise of hypothesis 6, namely, *entrepreneurialism*, *customer orientation*, *decentralization*, and *sense of mission*, which did not have an indirect impact upon organizational effectiveness

through the application of the *measured results* variable.

"These principles are working now in the U.S. government." Gore stated at the Global Forum on Reinventing Government. "But we know that reinvention requires a sustained 8 to 12 year effort before it really takes hold. That's why we are eager to deepen our commitment to reinvention -- and advance the efforts of our neighbors -- by sharing ideas and effective practices with governments across the world." (Gore, 1999) As for the improvement of government reinvention, some recommendations are proposed concerning the purposes of policy and management for the US government and Chinese administrative reform, along with guidelines for future exploration of the issue.

## **7.2 Policy Recommendations for Government Reinvention**

This section discusses the policy implications of the findings given in this study. It concludes with some recommendations for the formulation and implementation of new policies as well as for future research.

### **7.2.1 Policy Implications**

This study provides empirical in explaining how government reinvention is working for organizational effectiveness at the local government level in the United States. The findings prove that there are factors which function interactively with each other and yet affect in differing ways the aspect of organizational effectiveness in government reinvention. This means that efforts to

improve government performance must first begin with an integrated reinvention approach. Specifically, the focus should be on the ensuing objectives:

1) To meet these imperatives, Mission-driven and Performance-oriented governments often responded not just by eliminating budget or personnel of projects or programs but by seeking increased efficiency in new innovative ones.

2) Business-like government is going with development of new processes-like reengineering of service systems, contracting out, performance management, and accrual accounting-to promote those efficiency gains.

3) A stronger strategy emphasis on customer service. Customer strategies and tactics varied significantly. Flipping the focus of government-from top-down direction by senior officials to bottom-up responsiveness to citizens - aimed to improve citizen satisfaction, reduce distrust, and improve efficiency.

4) Decentralized government needed to team up its organizational performance, to use new technology and new approaches in employees' roles, to create a network of results-oriented partnerships across agency lines, and to empower front-line employees to better do their jobs.

5) Marketization and competitive government has to use regulatory partnerships, contract-out, out-sourcing as the preferred approach for getting results, and to achieve results and streamline services via other market and competitive initiatives.

With the turn of the century, the government reinvention movement marked a decade of experience. Historically, the experience has been remarkable for its breadth, depth, and energy. However, government reinvention has a long way to run. It has to

know what questions lie ahead. From our research findings, we put forward the following questions for further thinking on continuous administrative reform:

1) *What are the limits to government's reliance on private marketization and competition, for both ideas and management partnerships?* These partnerships unquestionably added great flexibility to public service systems, especially in providing new and innovative ways of delivering government services without the government having to do the job itself. The competition they brought made service delivery more efficient and provided powerful incentives to government workers to improve their own work. They did not, however, demonstrate that governments could close shop on the services most important to citizens. Governments exist because private markets cannot-or will not-provide services as the public wants. What are the limits to privatization and public-private partnerships? What does it take to manage them effectively?

2) *How can performance measurement systems strengthen these partnerships?* As the job gets harder, measuring results become even more important in systems of indirect partnerships. What potential does performance measurement have for managing twenty-first century government? And what problems must governments solve to develop effective performance measurement systems? Performance measurement systems are more complicated or philosophical tool for government to build up as touchstone.

3) *How can governments mesh these new performance-based measures with their existing processes and structures?* Governments launched much more approaches than major new reinventions, innovations, and partnerships. It is not enough that Decentralization serves as only an approach to improve the existing procedures. In the

process, they ventured into turf far beyond their existing procedures. It is one thing to develop tactics for managing traditional government services through hierarchically structured, authority-based systems. But how different is this capacity from the processes that have traditionally guided government management? How do governments need to alter the incentives for government workers to make this process work well?

*4) How does government reinvention redefine the relationship between governments and their citizens?* Government reinvention required government managers to pay far more attention to the interests and needs of citizens, and helped to make citizens as clients or customers to connect more closely with government. Administrative reformers debated how well these strategies worked in practice, but they brought governments and their citizens into new relationships with each other. How should government manage these new relationships?

*5) During rapid change of globalization, all governments recognize it is necessary to redefine their role likewise.* Administrative scholars seem to suggest that, with a globalized economy, governments matter less. At the same time, administrative reformers are pushing national governmental power down to the local level and social power from government out to private markets and market-like processes. In an era of devolution and globalization, what is the role of national government?

These challenges are going beyond far larger than most government policy makers and theorists have yet recognized. Thus, the government reinvention movement has not only reshaped the processes, structures, and functions of government, it has also raised a fundamental-and largely unanswered-challenge about the role of the state in the

information age. The global scope and innovative sweep of the innovations clearly chart the questions that the next steps in the government reinvention movement must answer.

A report of NPR in 2000 (Gore, 2000: 21) pointed out, there are a few of these important management problems existing: adopting an effective results orientation; coordinating crosscutting programs; addressing high-risk federal functions and programs; developing and implementing modern performance management and human capital practices; strengthening financial management; and enhancing computer security.

These issues that provided the impetus for government reinvention will no doubt continue to challenge future administrations to seek new and creative ways to ensure the economy, efficiency, and effectiveness of government programs. Reviewing of our findings, as well as the NPR recommendations and the related work on federal management issues, we realize that successful reinvention is not an end-state, but rather an ongoing process that seeks continuous improvements in performance, efficiency, and effectiveness.

### **7.2.2 Some Significant Implications for the Chinese Administrative Reform**

Though this study was carried out in USA, it is significant to the Chinese administrative reform. Reinvention theories will provide a good enough example and experience for the Chinese government reinvention. Our recommendations conclude that the efforts of reinvention in the Chinese administrative reform will play a role as the main dynamics of organizational effectiveness shifting China's economic and social development in the 21st century, while the reinvention movement in United States has

been a great empowering force pushing America government to reinventing delivery of public service.

17 years ago in Public Administration Review, Worthley (1984) argued that public administration in the People's Republic of China was becoming ripe for comparative analysis. Since then, China has experienced extraordinary economic growth and has initiated major administrative reform efforts in government. This study tried to contribute our efforts to open a vision to the development of the Chinese Administrative reform from 1990s to 2000s.

What do we need to understand the comparison between reinvention of American government and the Chinese administrative reform? The Chinese government has studied and incarcerated many Western ideas in its reform models and initiate political and administrative reform in 1990s. Under the economy of market-oriented, the reform reexamine and readjusted the function or roles of the Chinese government, go forward to conduct the nationwide reform of public administration since 1991. Over the past eight years, at the same time, the U.S. federal government's reinvention efforts were initiated under the auspices of an interagency task force.

From our viewpoint, China has to made substantial progress since launching its political, administrative, and social systems in a state of transition. The fundamental restructuring to a "socialist market economy" and decentralized economic decision-making has to be mirrored by equally swift political and administrative reforms, namely, government reinvention, which much more stresses quality, efficiency and productivity.

Our research has identified these reinvention characteristics most necessary to promote the Chinese administrative reform as follows:

***Entrepreneurialism.*** In conclusion, administrative reform in China has been involving restructuring the state. First, government has to be restructured to rid it of agencies that served the centrally planned economy and to create new agencies to regulate the market economy. These changes have to involve turning over some government functions to economic enterprises, corporatization of government departments, on the one hand, and strengthening macro-economic management functions of government, such as tax collecting, auditing, statistics collection, policy making and market regulation. In fact, China has going on the transition to market economy. It needs an entrepreneurial government structure to perform the role or functions of serving to the customer and society.

***Decentralization.*** The decentralization of control by the central government of China has led to a substitution of local planning for central planning. Horizontal regional decentralization has allowed the local governments to operate outside the frontier established by the center, which led to local decisions based on their autonomy, and resulted in appropriate or efficient outcomes in the economic reform and development.

Separation of government organizations and public enterprises is another important step for decentralization. Decision-makers in all spheres of economic activity have benefited from decentralization. Public enterprise managers make production and marketing decisions; foreign trade corporations select products for export; farmers choose

crops; and, most importantly, individuals make many purchasing decisions, although they have much less choice with respect to employment.

Participation and teamwork have become new management styles in the government organizations for promoting high efficiency and productivity in economic development projects and programs. Democratic participation and election have been practiced to the front-line administration in the town or village levels.

**Marketization.** In the transition of government functions or roles, China's decollectivization of agriculture, decontrol of prices and many investments decisions, decentralization of foreign trade and foreign investment, and opening to the market mean that it is no longer appropriate to classify the country's economy as centrally planned. The readjustment of the Government departments for economic development and management, introduction of market and competition mechanisms to government economic management, privatization in the public sector and enterprising government, customer orientation as the first value in public service delivery, and scale economy consideration for government projects and programs are all necessary to market-oriented economy. Indeed, the nature of the market system has important implications for China's public administrative reform.

Another major effort in marketization is to reduce government intervention to economy. One precondition to this goal is the separation of the state and enterprise. This, in turn, requires a thorough reform of the government structure and a radical streamlining of the government control system. The restricted regulation and direct administrative invention have to be diminished gradually through delegation of authority to the local

government in policy making. Allocation of resources has to be left mainly to market forces while the government focuses on macro market regulation and areas of market failure.

***Customer Orientation.*** Partnerships and collaboration for citizenship among multiple levels of government are important components of reinvention as described to China from the customer orientation for redesigning government. To reinvent, the Chinese governments need to work close for clients across political, geographic, and organizational boundaries. Partnerships with the private sector, nonprofit organizations, and the community lead to the type of governance that the citizens expect. Conclusion in this study identified the following results of customer orientation from reinvention efforts in the United States that may be significant to the Chinese Administrative Reform:

- 1) Improved perfectly and speedily delivery of services to citizens and customers;
  - 2) More accessible, responsive and friendly governments for the citizen as clients;
  - 3) Greater connection between citizens and society and their government;
  - 4) Stronger economic and social concept on customers potential needs;
  - 5) Disestablishment of the centralized government to controlling service delivery;
- and
- 6) Safer environment, workplaces, and medicines through partnerships with business.

***Measured Results and Mission Driven.*** From management approaches in government system mechanism, the other excellent experience from U.S. government reinvention are as follows:

Results-oriented Government is a government that values results and qualitative outcomes over dollars spent and inputs. It is a current mainstream that government concerned with accountability and performance to meet citizen needs.

For this, the Chinese government has to figure out a strategic planning to access to a process of defining the vision, mission, goals and objectives of an organization. Through the planning process, a jurisdiction or agency identifies the outcomes it wants to achieve through its programs and the specific means by which it intends to achieve these outcomes. A strong ideal mission of a governmental jurisdiction and/or agency and the ideal way it should operate to achieve its mission and best serve the people.

To measure outcomes and performance in the Chinese government, an organization's mission refers to the purposes it serves. By defining its mission, an organization can decide upon appropriate outcomes and performance measures. It is necessary to introduce qualitative measures of the results of programs and services. Performance-based budgeting is a kind of budgeting which ties resources to outcomes. Instead of allocating resources to achieve quantitative output measures, resources are allocated to achieve qualitative outcomes.

### **7.2.3 Policy Recommendations**

From our analysis to the findings, the followings are some suggestions for continue administrative reform of the American government:

**7.2.3.1** Policy for Government Reinvention should focus more on certain aspects of NPR's reform efforts and the need for continuing attention to improve government

performance.

**7.2.3.2** Policy for Government Reinvention should further highlight how management and process improvement initiatives, including those that employ the principles of quality management, help to achieve mission-related results.

**7.2.3.3** Policy for Government Reinvention should pay more attention to the common elements that are important in implementing and sustaining successful management improvement efforts—such as top leadership commitment and accountability, employee involvement, and congressional involvement and oversight.

**7.2.3.4** Policy for Government Reinvention should try to answer more specific questions on management reform initiatives, including total quality management, NPR, and the Government Performance and Results Act (GPRA).

### **7.3 Recommendations for Future Research**

Reviewing overall process and methods in our study, we recognize the further steps on our research has to be followed up if we world like to get more comprehensive and deeper understanding of Government Reinvention:

**7.3.1** The model of analysis of this study should be used for testing in the various levels in local government such as governments of states, county, and municipality.

**7.3.2** The model of analysis of this study should be used for much larger size of sample population for testing. For example, the Federal Employee Survey for U.S. government.

**7.3.3** The model of analysis of this study should be used for testing in local governments in other reinvention countries such as P.R.China and Thailand.

**7.3.4** Other reinvention factors relating to the success of government reinvention programs should be further studied.

**7.3.5** Further study on comparison of government reinvention with other administrative reform theories or schools should be conducted.

## **APPENDIX A**

### **Measures and Operationalizations of Scales for Government Reinvention and Organizational Effectiveness**

This appendix describes measurement and operationalization of scales for reinvention (marketization and competition, sense of mission, measured result, customer orientation, decentralization, entrepreneurialism) and organizational effectiveness.

### Scale Content

The statements below describe norms that operate in reinvention of organization. The scales of the measurement are used to indicate the respondent's extent of agreement or degree of evaluation about how well the statement describe the actual norms in the respondent's organization.

- 
1. Marketization and competition is measured in the following items:
- 

| <i>Items</i>   | <i>Strongly Disagree</i> | <i>Disagree</i> | <i>Neither Agree Nor Disagree</i> | <i>Agree</i> | <i>Strongly Agree</i> |
|--|--------------------------|-----------------|-----------------------------------|--------------|-----------------------|
| 1. We are promoting public/private partnerships  | 1                        | 2               | 3                                 | 4            | 5                     |
| 2. We use contracting-out or outsourcing for our service delivery.   | 1                        | 2               | 3                                 | 4            | 5                     |
| 3. We are managing demand through user fees.   | 1                        | 2               | 3                                 | 4            | 5                     |
| 4. There is competition in provision of our services through external mechanisms (i.e., competitive bidding).      | 1                        | 2               | 3                                 | 4            | 5                     |
| 5. There is competition in provision of our services through internal mechanisms (i.e., competitive benchmarking). | 1                        | 2               | 3                                 | 4            | 5                     |

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2. **Sense of Mission** was measured in the following items:

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| <i>Items</i>   | <i>Strongly Disagree</i> | <i>Disagree</i> | <i>Neither Agree Nor Disagree</i> | <i>Agree</i> | <i>Strongly Agree</i> |
|--|--------------------------|-----------------|-----------------------------------|--------------|-----------------------|
| 1. During the last three years, we have had a systematic effort to reduce accumulated rules, regulations, and obsolete activities. | 1                        | 2               | 3                                 | 4            | 5                     |
| 2. Our budget is based on mission requirements.  | 1                        | 2               | 3                                 | 4            | 5                     |
| 3. All departments in our organization have clear mission statements or goals.   | 1                        | 2               | 3                                 | 4            | 5                     |
| 4. The departments in our organization are managed by creating a culture around the mission.                                       | 1                        | 2               | 3                                 | 4            | 5                     |
| 5. Motivation in our organization is important to high performance.  | 1                        | 2               | 3                                 | 4            | 5                     |
| 6. We have the quality control mechanisms in place.  | 1                        | 2               | 3                                 | 4            | 5                     |

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3. **Measured Results** was measured in the following items:

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| <i>Items</i>   | <i>Strongly Disagree</i> | <i>Disagree</i> | <i>Neither Agree Nor Disagree</i> | <i>Agree</i> | <i>Strongly Agree</i> |
|--|--------------------------|-----------------|-----------------------------------|--------------|-----------------------|
| 1. Our pay system is a merit system that is based on performance.                            | 1                        | 2               | 3                                 | 4            | 5                     |
| 2. We are managing for performance by using a quality improvement approach.                  | 1                        | 2               | 3                                 | 4            | 5                     |
| 3. Our projects or programs utilize outcomes/results budgeting.                              | 1                        | 2               | 3                                 | 4            | 5                     |
| 4. We have enough information for designing and implementing outcomes/results budgets.       | 1                        | 2               | 3                                 | 4            | 5                     |
| 5. We often measure our service quality by feedback from our citizens regarding performance. | 1                        | 2               | 3                                 | 4            | 5                     |

---

4. **Customer Orientation** was measured in the following items:

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| <i>Items</i>  | <i>Strongly Disagree</i> | <i>Disagree</i> | <i>Neither Agree Nor Disagree</i> | <i>Agree</i> | <i>Strongly Agree</i> |
|---|--------------------------|-----------------|-----------------------------------|--------------|-----------------------|
| 1. Our organization takes regular quality measures of customer service.   | 1                        | 2               | 3                                 | 4            | 5                     |
| 2. The citizens' interest should always come first, ahead of our profits. | 1                        | 2               | 3                                 | 4            | 5                     |
| 3. We understand the needs and concerns of citizens.                      | 1                        | 2               | 3                                 | 4            | 5                     |
| 4. Our organization knows its social responsibility clearly.              | 1                        | 2               | 3                                 | 4            | 5                     |
| 5. Our organization has client-oriented directions.                       | 1                        | 2               | 3                                 | 4            | 5                     |
| 6. We have good public relations with our citizens.                       | 1                        | 2               | 3                                 | 4            | 5                     |

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5. **Entrepreneurialism** was measured in the following items:

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| <i>Items</i>  | <i>Strongly Disagree</i> | <i>Disagree</i> | <i>Neither Agree Nor Disagree</i> | <i>Agree</i> | <i>Strongly Agree</i> |
|---|--------------------------|-----------------|-----------------------------------|--------------|-----------------------|
| 1. We are raising money by charging service fees.       | 1                        | 2               | 3                                 | 4            | 5                     |
| 2. We know how to spend money to save money.            | 1                        | 2               | 3                                 | 4            | 5                     |
| 3. Our activities are often priced through impact fees. | 1                        | 2               | 3                                 | 4            | 5                     |
| 4. We run our business like private sector.             | 1                        | 2               | 3                                 | 4            | 5                     |

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6. **Decentralization** was measured in the following items:

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| <i>Items</i>   | <i>Strongly Disagree</i> | <i>Disagree</i> | <i>Neither Agree Nor Disagree</i> | <i>Agree</i> | <i>Strongly Agree</i> |
|--|--------------------------|-----------------|-----------------------------------|--------------|-----------------------|
| 1. We promote participatory management in decision-making and project or program management. | 1                        | 2               | 3                                 | 4            | 5                     |
| 2. Our organization has flattened its organizational hierarchy                               | 1                        | 2               | 3                                 | 4            | 5                     |
| 3. We often finish our mission through the teamwork.   | 1                        | 2               | 3                                 | 4            | 5                     |
| 4. In finance and budgeting, our organization has granted autonomy to the lower levels.      | 1                        | 2               | 3                                 | 4            | 5                     |

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7. **Organizational Effectiveness** is measured on items developed by Quinn and Rohrbaugh (1979). Evaluation on the organizational effectiveness according to the following items based on the actual situation of organizational performance in the respondents' own organizations:

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| <i>Items</i>  | <i>Poor</i> | <i>Unsatisfaction</i> | <i>Normal</i> | <i>Satisfaction</i> | <i>Excellent</i> |
|---|-------------|-----------------------|---------------|---------------------|------------------|
| 1. <i>Productivity/efficiency.</i> Volume of output, the ratio of output over input.                                    | 1           | 2                     | 3             | 4                   | 5                |
| 2. <i>Planning and goal setting.</i> The amount of emphasis on the planning, objective setting, and evaluation process. | 1           | 2                     | 3             | 4                   | 5                |
| 3. <i>Resource acquisition.</i> The capacity to capture assets and develop external support.                            | 1           | 2                     | 3             | 4                   | 5                |
| 4. <i>Flexibility/readiness.</i> The ability to adapt to shifts in external conditions and demands.                     | 1           | 2                     | 3             | 4                   | 5                |

(Continued.)

|   |   |   |   |   |   |
|---|---|---|---|---|---|
| 5. <i>Stability/control.</i> Smoothness of internal conditions, continuity, equilibrium.                              | 1 | 2 | 3 | 4 | 5 |
| 6. <i>Information management/communication.</i> Sufficiency of information flows, adequacy of internal orchestration. | 1 | 2 | 3 | 4 | 5 |
| 7. <i>Value of human resources training.</i> The enhancement and maintenance of overall staff capacity.               | 1 | 2 | 3 | 4 | 5 |
| 8. <i>Cohesion/morale.</i> The level of communality and commitment among the staff members.                           | 1 | 2 | 3 | 4 | 5 |

## **APPENDIX D**

### **Results of Reliability Analysis**

**Table D.1**

| <b>Factor</b> | <b>Scale Mean<br/>if Item<br/>Deleted</b> | <b>Scale Variance<br/>if Item Deleted</b> | <b>Corrected<br/>Item Total<br/>Deleted</b> | <b>Squared<br/>Multiple<br/>Correlation</b> | <b>Alpha<br/>if Item<br/>Deleted</b> |
|---------------|---|---|---|---|--------------------------------------|
| MACO1         | 13.0588                                   | 8.8537                                    | .4005                                       | .3862                                       | .4457                                |
| MACO 2        | 13.0539                                   | 9.1843                                    | .3135                                       | .3566                                       | .4946                                |
| MACO 3        | 13.5637                                   | 8.7890                                    | .4007                                       | .1969                                       | .4446                                |
| MACO 4        | 13.1225                                   | 8.5416                                    | .3265                                       | .1138                                       | .4876                                |
| MACO 5        | 13.9657                                   | 10.2106                                   | .1468                                       | .1306                                       | .5889                                |

Reliability Coefficients 5 items

Alpha = .5509      Standardized item alpha = .5555

**Table D.2**

| <b>Factor</b> | <b>Scale Mean<br/>if Item<br/>Deleted</b> | <b>Scale Variance<br/>if Item Deleted</b> | <b>Corrected<br/>Item Total<br/>Deleted</b> | <b>Squared<br/>Multiple<br/>Correlation</b> | <b>Alpha<br/>if Item<br/>Deleted</b> |
|---------------|---|---|---|---|--------------------------------------|
| SEMI1         | 15.8333                                   | 15.6076                                   | .3570                                       | .1742                                       | .7904                                |
| SEMI2         | 15.6422                                   | 13.8664                                   | .5966                                       | .4319                                       | .7258                                |
| SEMI3         | 15.4118                                   | 14.0956                                   | .6124                                       | .4513                                       | .7222                                |
| SEMI4         | 16.0343                                   | 14.1614                                   | .6553                                       | .5327                                       | .7129                                |
| SEMI5         | 15.1961                                   | 16.1289                                   | .4150                                       | .2548                                       | .7701                                |
| SEMI6         | 15.7304                                   | 15.2324                                   | .5460                                       | .3465                                       | .7409                                |

Reliability Coefficients 6 items

Alpha = .7782      Standardized item alpha = .7812

**Table D.3**

| <b>Factor</b> | <b>Scale Mean<br/>if Item<br/>Deleted</b> | <b>Scale Variance<br/>if Item Deleted</b> | <b>Corrected<br/>Item Total<br/>Deleted</b> | <b>Squared<br/>Multiple<br/>Correlation</b> | <b>Alpha<br/>if Item<br/>Deleted</b> |
|---------------|---|---|---|---|--------------------------------------|
| MERE1         | 11.3137                                   | 9.3100                                    | .3868                                       | .1787                                       | .6715                                |
| MERE2         | 11.3186                                   | 9.8438                                    | .5330                                       | .3407                                       | .6089                                |
| MERE3         | 11.3824                                   | 8.9171                                    | .6092                                       | .4333                                       | .5682                                |
| MERE4         | 11.2059                                   | 10.1347                                   | .3714                                       | .2495                                       | .6703                                |
| MERE5         | 10.6422                                   | 10.1521                                   | .3639                                       | .1500                                       | .6736                                |

Reliability Coefficients 5 items

Alpha = .6896      Standardized item alpha = .6989

**Table D.4**

| <b>Factor</b> | <b>Scale Mean<br/>if Item<br/>Deleted</b> | <b>Scale Variance<br/>if Item Deleted</b> | <b>Corrected<br/>Item Total<br/>Deleted</b> | <b>Squared<br/>Multiple<br/>Correlation</b> | <b>Alpha<br/>if Item<br/>Deleted</b> |
|---------------|---|---|---|---|--------------------------------------|
| CUOR1         | 17.4412                                   | 9.6468                                    | .3577                                       | .1671                                       | .7668                                |
| CUOR2         | 17.0882                                   | 10.8986                                   | .3279                                       | .1731                                       | .7551                                |
| CUOR3         | 16.7647                                   | 9.7867                                    | .6214                                       | .4719                                       | .6799                                |
| CUOR4         | 16.6520                                   | 9.5975                                    | .5995                                       | .5134                                       | .6826                                |
| CUOR5         | 16.5098                                   | 9.8373                                    | .6232                                       | .4246                                       | .6802                                |
| CUOR6         | 16.6225                                   | 10.3839                                   | .5015                                       | .3595                                       | .7108                                |

Reliability Coefficients 6 items

Alpha = .7491      Standardized item alpha = .7671

**Table D.5**

| <b>Factor</b> | <b>Scale Mean<br/>if Item<br/>Deleted</b> | <b>Scale Variance<br/>if Item Deleted</b> | <b>Corrected<br/>Item Total<br/>Deleted</b> | <b>Squared<br/>Multiple<br/>Correlation</b> | <b>Alpha<br/>if Item<br/>Deleted</b> |
|---------------|---|---|---|---|--------------------------------------|
| ENTR1         | 8.8333                                    | 4.5632                                    | .3737                                       | .1734                                       | .4423                                |
| ENTR2         | 8.8775                                    | 5.4283                                    | .3434                                       | .1602                                       | .4778                                |
| ENTR3         | 9.6765                                    | 4.4958                                    | .3309                                       | .1382                                       | .4851                                |
| ENTR4         | 9.3922                                    | 5.1361                                    | .3037                                       | .1278                                       | .5021                                |

Reliability Coefficients 4 items

Alpha = .5493      Standardized item alpha = .5550

**Table D.6**

| <b>Factor</b> | <b>Scale Mean<br/>if Item<br/>Deleted</b> | <b>Scale Variance<br/>if Item Deleted</b> | <b>Corrected<br/>Item Total<br/>Deleted</b> | <b>Squared<br/>Multiple<br/>Correlation</b> | <b>Alpha<br/>if Item<br/>Deleted</b> |
|---------------|---|---|---|---|--------------------------------------|
| DECE1         | 9.4902                                    | 5.7388                                    | .5846                                       | .3883                                       | .6211                                |
| DECE2         | 9.8186                                    | 5.6763                                    | .5714                                       | .3390                                       | .6282                                |
| DECE3         | 9.3088                                    | 6.1258                                    | .5715                                       | .3737                                       | .6340                                |
| DECE4         | 9.9706                                    | 6.5410                                    | .3521                                       | .1275                                       | .7604                                |

Reliability Coefficients 4 items

Alpha = .7248      Standardized item alpha = .7295

Table D.7

| Factor | Scale Mean<br>if Item<br>Deleted | Scale Variance<br>if Item Deleted | Corrected<br>Item Total<br>Deleted | Squared<br>Multiple<br>Correlation | Alpha<br>if Item<br>Deleted |
|--------|----------------------------------|-----------------------------------|------------------------------------|------------------------------------|-----------------------------|
| OREF1  | 23.0539                          | 17.3616                           | .4581                              | .2383                              | .7834                       |
| OREF2  | 22.9853                          | 17.4530                           | .4228                              | .2326                              | .7896                       |
| OREF3  | 23.0245                          | 17.0782                           | .5342                              | .3283                              | .7713                       |
| OREF4  | 22.8480                          | 17.6763                           | .4868                              | .2786                              | .7786                       |
| OREF5  | 22.8627                          | 18.1880                           | .4275                              | .2615                              | .7869                       |
| OREF6  | 23.0735                          | 17.4970                           | .5018                              | .3363                              | .7764                       |
| OREF7  | 23.1127                          | 16.1695                           | .5939                              | .4123                              | .7610                       |
| OREF8  | 22.9951                          | 16.3793                           | .6393                              | .4676                              | .7547                       |

Reliability Coefficients 8 items

Alpha = .7980      Standardized item alpha = .7984

## **APPENDIX E**

### **Descriptive Statistics for Independent Variables and Dependent Variables**

**Table E.1 Descriptive Statistics for Independent Variables (I)**

|                    | N   | Minimum | Maximum | Mean   | Std. Deviation |
|--------------------|-----|---------|---------|--------|----------------|
| MACO 1             | 204 | 1.00    | 5.00    | 3.6324 | 1.1261         |
| MACO 2             | 204 | 1.00    | 5.00    | 3.6373 | 1.1769         |
| MACO 3             | 204 | 1.00    | 5.00    | 3.1275 | 1.1419         |
| MACO 4             | 204 | 1.00    | 5.00    | 3.5686 | 1.3206         |
| MACO 5             | 204 | 1.00    | 5.00    | 2.7255 | 1.2088         |
| Valid N (Listwise) | 204 |         |         |        |                |

**Table E.2 Descriptive Statistics for Independent Variables (II)**

|                    | N   | Minimum | Maximum | Mean   | Std. Deviation |
|--------------------|-----|---------|---------|--------|----------------|
| SEMI 1             | 204 | 1.00    | 5.00    | 2.9363 | 1.2079         |
| SEMI 2             | 204 | 1.00    | 5.00    | 3.1275 | 1.1759         |
| SEMI 3             | 204 | 1.00    | 5.00    | 3.3578 | 1.1161         |
| SEMI 4             | 204 | 1.00    | 5.00    | 2.7353 | 1.0544         |
| SEMI 5             | 204 | 1.00    | 5.00    | 3.5735 | 1.0022         |
| SEMI 6             | 204 | 1.00    | 5.00    | 3.0392 | .9968          |
| Valid N (Listwise) | 204 |         |         |        |                |

**Table E.3 Descriptive Statistics for Independent Variables (III)**

|                    | N   | Minimum | Maximum | Mean   | Std. Deviation |
|--------------------|-----|---------|---------|--------|----------------|
| MERE 1             | 204 | 1.00    | 5.00    | 2.6520 | 1.2909         |
| MERE 2             | 204 | 1.00    | 5.00    | 2.6471 | .9689          |
| MERE 3             | 204 | 1.00    | 5.00    | 2.5833 | 1.0818         |
| MERE 4             | 204 | 1.00    | 5.00    | 2.7598 | 1.1169         |
| MERE 5             | 204 | 1.00    | 5.00    | 3.3235 | 1.1244         |
| Valid N (Listwise) | 204 |         |         |        |                |

**Table E.4 Descriptive Statistics for Independent Variables (IV)**

|                    | N   | Minimum | Maximum | Mean   | Std. Deviation |
|--------------------|-----|---------|---------|--------|----------------|
| CUOR 1             | 204 | 1.00    | 5.00    | 2.7745 | 1.1986         |
| CUOR 2             | 204 | 1.00    | 5.00    | 3.1275 | .9223          |
| CUOR 3             | 204 | 1.00    | 5.00    | 3.4510 | .8379          |
| CUOR 4             | 204 | 1.00    | 5.00    | 3.5637 | .8993          |
| CUOR 5             | 204 | 1.00    | 5.00    | 3.7059 | .8256          |
| CUOR 6             | 204 | 1.00    | 5.00    | 3.5931 | .8282          |
| Valid N (Listwise) | 204 |         |         |        |                |

**Table E.5 Descriptive Statistics for Independent Variables (V)**

|                           | <b>N</b> | <b>Minimum</b> | <b>Maximum</b> | <b>Mean</b> | <b>Std. Deviation</b> |
|---------------------------|----------|----------------|----------------|-------------|-----------------------|
| <b>ENTR 1</b>             | 204      | 1.00           | 5.00           | 3.4265      | 1.1139                |
| <b>ENTR 2</b>             | 204      | 1.00           | 5.00           | 3.3824      | .8715                 |
| <b>ENTR 3</b>             | 204      | 1.00           | 5.00           | 2.5833      | 1.1902                |
| <b>ENTR 4</b>             | 204      | 1.00           | 5.00           | 2.8676      | 1.0205                |
| <b>Valid N (Listwise)</b> | 204      |                |                |             |                       |

**Table E.6 Descriptive Statistics for Independent Variables (VI)**

|                           | <b>N</b> | <b>Minimum</b> | <b>Maximum</b> | <b>Mean</b> | <b>Std. Deviation</b> |
|---------------------------|----------|----------------|----------------|-------------|-----------------------|
| <b>DECE 1</b>             | 204      | 1.00           | 5.00           | 3.3725      | 1.0544                |
| <b>DECE 2</b>             | 204      | 1.00           | 5.00           | 3.0441      | 1.0842                |
| <b>DECE 3</b>             | 204      | 1.00           | 5.00           | 3.5539      | .9685                 |
| <b>DECE 4</b>             | 204      | 1.00           | 5.00           | 2.8922      | 1.1178                |
| <b>Valid N (Listwise)</b> | 204      |                |                |             |                       |

**Table E.7 Descriptive Statistics for Independent Variables (VII)**

|                           | <b>N</b> | <b>Minimum</b> | <b>Maximum</b> | <b>Mean</b> | <b>Std. Deviation</b> |
|---------------------------|----------|----------------|----------------|-------------|-----------------------|
| <b>MACO</b>               | 204      | 5.00           | 24.00          | 16.6912     | 3.5785                |
| <b>SEMI</b>               | 204      | 6.00           | 30.00          | 18.7696     | 4.5248                |
| <b>MERE</b>               | 204      | 5.00           | 25.00          | 13.9657     | 3.7448                |
| <b>CUOR</b>               | 204      | 10.00          | 29.00          | 20.2157     | 3.7076                |
| <b>ENTR .</b>             | 204      | 4.00           | 19.00          | 12.2598     | 2.7536                |
| <b>DECE</b>               | 204      | 4.00           | 43.00          | 13.0196     | 3.7731                |
| <b>Valid N (Listwise)</b> | 204      |                |                |             |                       |

**Table E.8 Descriptive Statistics for Dependent Variables (I)**

|                           | <b>N</b> | <b>Minimum</b> | <b>Maximum</b> | <b>Mean</b> | <b>Std. Deviation</b> |
|---------------------------|----------|----------------|----------------|-------------|-----------------------|
| <b>OREF1</b>              | 204      | 1.00           | 5.00           | 3.2255      | .9459                 |
| <b>OREF2</b>              | 204      | 1.00           | 5.00           | 3.2941      | .9785                 |
| <b>OREF3</b>              | 204      | 1.00           | 5.00           | 3.2549      | .9009                 |
| <b>OREF4</b>              | 204      | 1.00           | 5.00           | 3.4314      | .8482                 |
| <b>OREF5</b>              | 204      | 1.00           | 5.00           | 3.4167      | .8233                 |
| <b>OREF6</b>              | 204      | 1.00           | 5.00           | 3.2059      | .8635                 |
| <b>OREF7</b>              | 204      | 1.00           | 5.00           | 3.1667      | .9884                 |
| <b>OREF8</b>              | 204      | 1.00           | 5.00           | 3.2843      | .9030                 |
| <b>Valid N (Listwise)</b> | 204      |                |                |             |                       |

**Table E.9 Descriptive Statistics for Dependent Variables (II)**

|                           | <b>N</b>   | <b>Minimum</b> | <b>Maximum</b> | <b>Mean</b>    | <b>Std. Deviation</b> |
|---------------------------|------------|----------------|----------------|----------------|-----------------------|
| <b>OREF</b>               | <b>204</b> | <b>9.00</b>    | <b>37.00</b>   | <b>26.2794</b> | <b>4.6763</b>         |
| <b>Valid N (Listwise)</b> | <b>204</b> |                |                |                |                       |

## **APPENDIX F**

### **Results of Multiple Regression Analysis**

**OREF** = Organizational Effectiveness

**MACO** = Marketization&Competition

**SEMI** = Sense of Mission

**MERE** = Measured Results

**CUOR** = Customer Orientation

**ENTR** = Entrepreneurialism

**DECE** = Decentralization

**Table F.1 Results of Multiple regression for Reinvention Factors and Organizational Effectiveness**

| <b>Model Summary</b> | <b>R</b> | <b>R Square</b> | <b>Adjusted R Square</b> | <b>Std. Error</b> |
|----------------------|----------|-----------------|--------------------------|-------------------|
| <b>Model 1</b>       | .686     | .471            | .455                     | 3.4530            |

Predictors: (Constant) CUOR, DECE, SEMI, ENTR, MERE, MACO

#### **ANOVA**

| <b>Model 1</b> | <b>Sum of Square</b> | <b>df</b>  | <b>Mean Square</b> | <b>F</b> | <b>Sig.</b> |
|----------------|----------------------|------------|--------------------|----------|-------------|
| Regression     | 2090.208             | 6          | 348.368            | 29.218   | .000        |
| Residual       | 2348.865             | 198        | 11.923             |          |             |
| <b>Total</b>   | <b>4439.074</b>      | <b>204</b> |                    |          |             |

Predictors: (Constant) CUOR, DECE, SEMI, ENTR, MERE, MACO

Dependent Variable: Organizational Effectiveness

**Coefficients**

| <b>Model 1</b>    | <b>Unstandardized Coefficients</b> |                   | <b>Standardized Coefficients</b> | <b>t</b> | <b>Sig.</b> |
|-------------------|------------------------------------|-------------------|----------------------------------|----------|-------------|
|                   | <b>B</b>                           | <b>Std. Error</b> | <b>Beta</b>                      |          |             |
| <b>(Constant)</b> | 6.356                              | 1.631             |                                  | 3.898    | .000        |
| <b>MACO</b>       | .119                               | .080              | .091                             | 1.490    | .138        |
| <b>SEMI</b>       | .195                               | .072              | .189                             | 2.710    | .007        |
| <b>MERE</b>       | .118                               | .089              | .095                             | 1.331    | .185        |
| <b>CUOR</b>       | .231                               | .0885             | .183                             | 2.714    | .007        |
| <b>ENTR</b>       | .425                               | .100              | .250                             | 4.249    | .000        |
| <b>DECE</b>       | .212                               | .074              | .171                             | 2.847    | .005        |

Dependent Variable: Organizational Effectiveness

**Table F.2 Results of Multiple regression for Reinvention Factors and Productivity and Efficiency**

| <b>Model Summary</b> | <b>R</b> | <b>R Square</b> | <b>Adjusted R Square</b> | <b>Std. Error</b> |
|----------------------|----------|-----------------|--------------------------|-------------------|
| <b>Model 1</b>       | .474     | .224            | .201                     | .8457             |

Predictors: (Constant) CUOR, DECE, SEMI, ENTR, MERE, MACO

**ANOVA**

| <b>Model 2</b> | <b>Sum of Square</b> | <b>df</b>  | <b>Mean Sqaure</b> | <b>F</b> | <b>Sig.</b> |
|----------------|----------------------|------------|--------------------|----------|-------------|
| Regression     | 40.734               | 6          | 6.789              | 9.493    | .000        |
| Residual       | 140.89               | 198        | .715               |          |             |
| <b>Total</b>   | <b>181.63</b>        | <b>204</b> |                    |          |             |

Predictors: (Constant) CUOR, DECE, SEMI, ENTR, MERE, MACO

Dependent Variable: Productivity and Efficiency (V31)

**Coefficients**

| <b>Model 2</b>    | <b>Unstandardized Coefficients</b> |                   | <b>Standardized Coefficients</b> | <b>t</b> | <b>Sig.</b> |
|-------------------|------------------------------------|-------------------|----------------------------------|----------|-------------|
|                   | <b>B</b>                           | <b>Std. Error</b> | <b>Beta</b>                      |          |             |
| <b>(Constant)</b> | .523                               | .339              |                                  | 1.309    | .192        |
| <b>MACO</b>       | 5.E-02                             | .019              | .205                             | 2.780    | .006        |
| <b>SEMI</b>       | -.006                              | .018              | -.028                            | -.335    | .738        |
| <b>MERE</b>       | 4.E-02                             | .022              | .178                             | 2.063    | .040        |
| <b>CUOR</b>       | 4.E-02                             | .021              | .162                             | 1.990    | .048        |
| <b>ENTR</b>       | 1.E-02                             | .024              | .030                             | .423     | .673        |
| <b>DECE</b>       | 2.E-02                             | .018              | .097                             | 1.342    | .181        |

Dependent Variable: Productivity and Efficiency (V31)

**Table F.3 Results of Multiple regression for Reinvention Factors and Planning and Goal Setting**

| <b>Model Summary</b> | <b>R</b> | <b>R Square</b> | <b>Adjusted R Square</b> | <b>Std. Error</b> |
|----------------------|----------|-----------------|--------------------------|-------------------|
| <b>Model 3</b>       | .590     | .348            | .348                     | .8019             |

Predictors: (Constant) CUOR, DECE, SEMI, ENTR, MERE, MACO

**ANOVA**

| <b>Model 3</b> | <b>Sum of Square</b> | <b>df</b>  | <b>Mean Square</b> | <b>F</b> | <b>Sig.</b> |
|----------------|----------------------|------------|--------------------|----------|-------------|
| Regression     | 67.662               | 6          | 11.277             | 17.535   | .000        |
| Residual       | 126.69               | 198        | .643               |          |             |
| <b>Total</b>   | <b>194.35</b>        | <b>204</b> |                    |          |             |

Predictors: (Constant) CUOR, DECE, SEMI, ENTR, MERE, MACO

Dependent Variable: Planning and Goal Setting (V32)

**Coefficients**

| <b>Model 3</b>    | <b>Unstandardized Coefficients</b> |                   | <b>Standardized Coefficients</b> | <b>t</b> | <b>Sig.</b> |
|-------------------|------------------------------------|-------------------|----------------------------------|----------|-------------|
|                   | <b>B</b>                           | <b>Std. Error</b> | <b>Beta</b>                      |          |             |
| <b>(Constant)</b> | -.140                              | .379              |                                  | -.369    | .713        |
| <b>MACO</b>       | 4.E-02                             | .018              | .142                             | 2.105    | .037        |
| <b>SEMI</b>       | 7.E-02                             | .017              | .344                             | 4.443    | .000        |
| <b>MERE</b>       | -.009                              | .021              | -.035                            | -.444    | .657        |
| <b>CUOR</b>       | 3.E-02                             | .020              | .110                             | 1.472    | .143        |
| <b>ENTR</b>       | 4.E-02                             | .023              | .115                             | 1.763    | .079        |
| <b>DECE</b>       | 3.E-02                             | .017              | .126                             | 1.897    | .059        |

Dependent Variable: Planning and Goal Setting (V32)

**Table F.4 Results of Multiple regression for Reinvention Factors and Resource Acquisition**

| <b>Model Summary</b> | <b>R</b> | <b>R Square</b> | <b>Adjusted R Square</b> | <b>Std. Error</b> |
|----------------------|----------|-----------------|--------------------------|-------------------|
| <b>Model 4</b>       | .498     | .248            | .225                     | .7931             |

Predictors: (Constant) CUOR, DECE, SEMI, ENTR, MERE, MACO

**ANOVA**

| <b>Model 4</b> | <b>Sum of Square</b> | <b>df</b> | <b>Mean Square</b> | <b>F</b> | <b>Sig.</b> |
|----------------|----------------------|-----------|--------------------|----------|-------------|
| Regression     | 40.835               | 6         | 6.806              | 10.820   | .000        |
| Residual       | 123.91               | 198       | .629               |          |             |
| <b>Total</b>   | 164.75               | 204       |                    |          |             |

Predictors: (Constant) CUOR, DECE, SEMI, ENTR, MERE, MACO

Dependent Variable: Resource Acquisition (V33)

**Coefficients**

| <b>Model 4</b>    | <b>Unstandardized Coefficients</b> |                   | <b>Standardized Coefficients</b> | <b>t</b> | <b>Sig.</b> |
|-------------------|------------------------------------|-------------------|----------------------------------|----------|-------------|
|                   | <b>B</b>                           | <b>Std. Error</b> | <b>Beta</b>                      |          |             |
| <b>(Constant)</b> | .513                               | .375              |                                  | 1.370    | .172        |
| <b>MACO</b>       | 4.E-02                             | .018              | .171                             | 2.358    | .019        |
| <b>SEMI</b>       | -.014                              | .017              | -.070                            | -.846    | .399        |
| <b>MERE</b>       | 5.E-02                             | .020              | .189                             | 2.223    | .027        |
| <b>CUOR</b>       | 4.E-02                             | .020              | .156                             | 1.944    | .053        |
| <b>ENTR</b>       | 5.E-02                             | .023              | .145                             | 2.060    | .041        |
| <b>DECE</b>       | 2.E-02                             | .017              | .098                             | 1.371    | .172        |

Dependent Variable: Resource Acquisition (V33)

**Table F.5 Results of Multiple regression for Reinvention Factors and Flexibility**

**/Readiness**

| <b>Model Summary</b> | <b>R</b> | <b>R Square</b> | <b>Adjusted R Square</b> | <b>Std. Error</b> |
|----------------------|----------|-----------------|--------------------------|-------------------|
| <b>Model 5</b>       | .427     | .183            | .158                     | .7784             |

Predictors: (Constant) CUOR, DECE, SEMI, ENTR, MERE, MACO

**ANOVA**

| <b>Model 5</b> | <b>Sum of Square</b> | <b>df</b> | <b>Mean Square</b> | <b>F</b> | <b>Sig.</b> |
|----------------|----------------------|-----------|--------------------|----------|-------------|
| Regression     | 26.661               | 6         | 4.444              | 7.333    | .000        |
| Residual       | 119.38               | 198       | .606               |          |             |
| <b>Total</b>   | 146.04               | 204       |                    |          |             |

Predictors: (Constant) CUOR, DECE, SEMI, ENTR, MERE, MACO

Dependent Variable: Flexibility/Readiness (V34)

**Coefficients**

| <b>Model 5</b>    | <b>Unstandardized Coefficients</b> |                   | <b>Standardized Coefficients</b> | <b>t</b> | <b>Sig.</b> |
|-------------------|------------------------------------|-------------------|----------------------------------|----------|-------------|
|                   | <b>B</b>                           | <b>Std. Error</b> | <b>Beta</b>                      |          |             |
| <b>(Constant)</b> | 1.118                              | .368              |                                  | 3.048330 | .003        |
| <b>MACO</b>       | 1.E-02                             | .018              | .063                             | .833     | .406        |
| <b>SEMI</b>       | 2.E-02                             | .016              | .094                             | 1.088    | .278        |
| <b>MERE</b>       | 8.E-03                             | .020              | .036                             | .402     | .688        |
| <b>CUOR</b>       | 6.E-02                             | .019              | .255                             | 3.042    | .003        |
| <b>ENTR</b>       | 4.E-02                             | .023              | .114                             | 1.556    | .121        |
| <b>DECE</b>       | 9.E-04                             | .017              | .004                             | .053     | .958        |

Dependent Variable: Flexibility/Readiness (V34)

**Table F-6 Results of Multiple regression for Reinvention Factors and Stability and Control**

| <b>Model Summary</b> | <b>R</b> | <b>R Square</b> | <b>Adjusted R Square</b> | <b>Std. Error</b> |
|----------------------|----------|-----------------|--------------------------|-------------------|
| <b>Model 6</b>       | .373     | .139            | .113                     | .7754             |

Predictors: (Constant) CUOR, DECE, SEMI, ENTR, MERE, MACO

**ANOVA**

| <b>Model 6</b> | <b>Sum of Square</b> | <b>df</b> | <b>Mean Square</b> | <b>F</b> | <b>Sig.</b> |
|----------------|----------------------|-----------|--------------------|----------|-------------|
| Regression     | 19.140               | 6         | 3.190              | 5.306    | .000        |
| Residual       | 118.44               | 198       | .601               |          |             |
| <b>Total</b>   | 137.58               | 204       |                    |          |             |

Predictors: (Constant) CUOR, DECE, SEMI, ENTR, MERE, MACO

Dependent Variable: Stability and Control (V35)

**Coefficients**

| <b>Model 6</b>    | <b>Unstandardized Coefficients</b> |                   | <b>Standardized Coefficients</b> | <b>t</b> | <b>Sig.</b> |
|-------------------|------------------------------------|-------------------|----------------------------------|----------|-------------|
|                   | <b>B</b>                           | <b>Std. Error</b> | <b>Beta</b>                      |          |             |
| <b>(Constant)</b> | 1.542                              | .336              |                                  | 4.212    | .000        |
| <b>MACO</b>       | 8.E-03                             | .018              | .035                             | .447     | .655        |
| <b>SEMI</b>       | 3.E-02                             | .016              | .164                             | 1.841    | .067        |
| <b>MERE</b>       | -.032                              | .020              | -.145                            | -1.596   | .112        |
| <b>CUOR</b>       | 4.E-02                             | .019              | .165                             | 1.919    | .056        |
| <b>ENTR</b>       | 7.E-02                             | .022              | .218                             | 2.908    | .004        |
| <b>DECE</b>       | 7.E-03                             | .017              | .030                             | .395     | .693        |

Dependent Variable: Stability and Control (V35)

**Table F.7 Results of Multiple regression for Reinvention Factors and Information Management/Communication**

| <b>Model Summary</b> | <b>R</b> | <b>R Square</b> | <b>Adjusted R Square</b> | <b>Std. Error</b> |
|----------------------|----------|-----------------|--------------------------|-------------------|
| <b>Model 7</b>       | .388     | .150            | .125                     | .8079             |

Predictors: (Constant) CUOR, DECE, SEMI, ENTR, MERE, MACO

**ANOVA**

| <b>Model 7</b> | <b>Sum of Square</b> | <b>df</b>  | <b>Mean Square</b> | <b>F</b> | <b>Sig.</b> |
|----------------|----------------------|------------|--------------------|----------|-------------|
| Regression     | 22.760               | 6          | 3.793              | 5.811    | .000        |
| Residual       | 128.59               | 198        | .653               |          |             |
| <b>Total</b>   | <b>151.35</b>        | <b>204</b> |                    |          |             |

Predictors: (Constant) CUOR, DECE, SEMI, ENTR, MERE, MACO

Dependent Variable: Information Management/Communication (V36)

**Coefficients**

| <b>Model 7</b>    | <b>Unstandardized Coefficients</b> |                   | <b>Standardized Coefficients</b> | <b>t</b> | <b>Sig.</b> |
|-------------------|------------------------------------|-------------------|----------------------------------|----------|-------------|
|                   | <b>B</b>                           | <b>Std. Error</b> | <b>Beta</b>                      |          |             |
| <b>(Constant)</b> | 1.270                              | .382              |                                  | 3.328    | .001        |
| <b>MACO</b>       | -.006                              | .019              | -.024                            | -.316    | .752        |
| <b>SEMI</b>       | 1.E-02                             | .017              | .070                             | .788     | .432        |
| <b>MERE</b>       | -.007                              | .021              | -.030                            | -.330    | .742        |
| <b>CUOR</b>       | 3.E-02                             | .020              | .119                             | 1.396    | .164        |
| <b>ENTR</b>       | 7.E-022                            | .023              | .234                             | 3.139    | .002        |
| <b>DECE</b>       | 3.E-02                             | .017              | .141                             | 1.855    | .065        |

Dependent Variable: Information Management/Communication (V36)

**Table F.8 Results of Multiple regression for Reinvention Factors and Value of HR Training**

| <b>Model Summary</b> | <b>R</b> | <b>R Square</b> | <b>Adjusted R Square</b> | <b>Std. Error</b> |
|----------------------|----------|-----------------|--------------------------|-------------------|
| <b>Model 8</b>       | .457     | .209            | .185                     | .8925             |

Predictors: (Constant) CUOR, DECE, SEMI, ENTR, MERE, MACO

**ANOVA**

| <b>Model 8</b> | <b>Sum of Square</b> | <b>df</b>  | <b>Mean Square</b> | <b>F</b> | <b>Sig.</b> |
|----------------|----------------------|------------|--------------------|----------|-------------|
| Regression     | 41.421               | 6          | 6.904              | 8.667    | .000        |
| Residual       | 156.91               | 198        | .797               |          |             |
| <b>Total</b>   | <b>198.33</b>        | <b>204</b> |                    |          |             |

Predictors: (Constant) CUOR, DECE, SEMI, ENTR, MERE, MACO

Dependent Variable: Value of HR Training (V37)

**Coefficients**

| <b>Model 8</b>    | <b>Unstandardized Coefficients</b> |                   | <b>Standardized Coefficients</b> | <b>t</b> | <b>Sig.</b> |
|-------------------|------------------------------------|-------------------|----------------------------------|----------|-------------|
|                   | <b>B</b>                           | <b>Std. Error</b> | <b>Beta</b>                      |          |             |
| <b>(Constant)</b> | .679                               | .421              |                                  | 1.611    | .109        |
| <b>MACO</b>       | -.013                              | .021              | -.046                            | -.620    | .536        |
| <b>SEMI</b>       | 4.E-02                             | .019              | .194                             | 2.279    | .024        |
| <b>MERE</b>       | 4.E-02                             | .023              | .144                             | 1.654    | .100        |
| <b>CUOR</b>       | 2.E-02                             | .022              | .061                             | .739     | .460        |
| <b>ENTR</b>       | 6.E-02                             | .026              | .174                             | 2.420    | .016        |
| <b>DECE</b>       | 2.E-02                             | .019              | .082                             | 1.113    | .267        |

Dependent Variable: Value of HR Training (V37)

**Table F.9 Results of Multiple regression for Reinvention Factors and Cohesion**

/Morale

| <b>Model Summary</b> | <b>R</b> | <b>R Square</b> | <b>Adjusted R Square</b> | <b>Std. Error</b> |
|----------------------|----------|-----------------|--------------------------|-------------------|
| <b>Model 9</b>       | .557     | .310            | .289                     | .7615             |

Predictors: (Constant) CUOR, DECE, SEMI, ENTR, MERE, MACO

**ANOVA**

| <b>Model 9</b> | <b>Sum of Square</b> | <b>df</b> | <b>Mean Square</b> | <b>F</b> | <b>Sig.</b> |
|----------------|----------------------|-----------|--------------------|----------|-------------|
| Regression     | 51.282               | 6         | 8.547              | 14.740   | .000        |
| Residual       | 114.23               | 198       | .580               |          |             |
| <b>Total</b>   | 165.51               | 204       |                    |          |             |

Predictors: (Constant) CUOR, DECE, SEMI, ENTR, MERE, MACO

Dependent Variable: Cohesion/Morale (V38)

**Coefficients**

| <b>Model 9</b>    | <b>Unstandardized Coefficients</b> |                   | <b>Standardized Coefficients</b> | <b>t</b> | <b>Sig.</b> |
|-------------------|------------------------------------|-------------------|----------------------------------|----------|-------------|
|                   | <b>B</b>                           | <b>Std. Error</b> | <b>Beta</b>                      |          |             |
| <b>(Constant)</b> | .851                               | .360              |                                  | 2.367    | .019        |
| <b>MACO</b>       | -.022                              | .018              | -.087                            | -1.247   | .214        |
| <b>SEMI</b>       | 4.E-02                             | .016              | .189                             | 2.371    | .019        |
| <b>MERE</b>       | 3.E-02                             | .020              | .124                             | 1.522    | .130        |
| <b>CUOR</b>       | -.017                              | .019              | -.068                            | -.889    | .375        |
| <b>ENTR</b>       | 9E-02                              | .022              | .274                             | 4.075    | .000        |
| <b>DECE</b>       | 7.E-02                             | .016              | .292                             | 4.265    | .000        |

Dependent Variable: Cohesion/Morale (V38)

## **APPENDIX B**

### **Questionnaire**



**NATIONAL CENTER FOR  
PUBLIC PRODUCTIVITY**

## **Graduate Department of Public Administration**

### **Survey on Reinventing Government and Organizational Effectiveness**

**October 27, 1998**

**Dear Participant,**

Ever since Vice-President Al Gore initiated the National Performance Review in 1993, there has been a great deal of discussion and controversy concerning reinventing government and organizational effectiveness issues in the United States. In this survey we want to find out what you think about these matters. This survey is being conducted by the National Center for Public Productivity, Graduate Department of Public Administration, Rutgers University at Newark, and is intended for the governmental employees of states, municipalities, and counties across the country.

We ask you to please complete the enclosed survey on a voluntary basis. The survey should take between 12 and 15 minutes of your time. Your participation in this survey is very significant for our research results. In order to gather a fair impression of how the officials of state and local governments feel about these issues, it is important that as many as possible respond to the survey. Your anonymity will be protected. Please mail your answer back to the address provided below within ten days of receipt.

Thank you for your cooperation.

**Respectfully,**

**Marc Holzer, Professor and Executive Director  
Zhiyuan Fang, Ph.D. Candidate and Research Associate  
National Center for Public Productivity  
Rutgers, The State University of New Jersey at Newark  
701 Hill Hall, 360 Martin Luther King Blvd., Newark, NJ 07102-1801  
Email: [zhfang@andromeda.rutgers.edu](mailto:zhfang@andromeda.rutgers.edu)**

**Section 1: Reinventing Government.** The statements below describe activities that characterize reinvention of government. Please indicate your extent of agreement about how well the statements describe the actual activities in your organization.

|    |   | Strongly Disagree |   |   | Strongly Agree |   |
|----|---|-------------------|---|---|----------------|---|
|    |   | 1                 | 2 | 3 | 4              | 5 |
| 1  | We are promoting public/private partnerships.   | 1                 | 2 | 3 | 4              | 5 |
| 2  | We use contracting-out or outsourcing for some service delivery.  | 1                 | 2 | 3 | 4              | 5 |
| 3  | We are managing demand through user fees.   | 1                 | 2 | 3 | 4              | 5 |
| 4  | There is competition in the provision of our services through external mechanisms (i.e., competitive bidding).                  | 1                 | 2 | 3 | 4              | 5 |
| 5  | There is competition in the provision of our services through internal mechanisms (i.e., competitive benchmarking).             | 1                 | 2 | 3 | 4              | 5 |
| 6  | During the last three years, we have had a systematic effort to reduce accumulated rules, regulations, and obsolete activities. | 1                 | 2 | 3 | 4              | 5 |
| 7  | Our budget is based on mission requirements.  | 1                 | 2 | 3 | 4              | 5 |
| 8  | All of our departments have clear mission statements or goals.  | 1                 | 2 | 3 | 4              | 5 |
| 9  | The departments in our organization are managed by creating a culture around the mission.                                       | 1                 | 2 | 3 | 4              | 5 |
| 10 | Motivation in our organization is important to high performance.  | 1                 | 2 | 3 | 4              | 5 |
| 11 | We have quality control mechanisms in place.  | 1                 | 2 | 3 | 4              | 5 |
| 12 | Our pay system is a merit system that is based on performance.  | 1                 | 2 | 3 | 4              | 5 |
| 13 | We are managing for performance by using a quality improvement approach.  | 1                 | 2 | 3 | 4              | 5 |
| 14 | Our projects or programs utilize outcomes/results budgeting.  | 1                 | 2 | 3 | 4              | 5 |
| 15 | We have enough information to design and implement outcomes/results budgets.  | 1                 | 2 | 3 | 4              | 5 |
| 16 | We often measure our service quality by feedback from our citizens regarding performance.                                       | 1                 | 2 | 3 | 4              | 5 |
| 17 | Our organization takes regular quality measures of customer service.  | 1                 | 2 | 3 | 4              | 5 |
| 18 | The customer's interest should always come first, ahead of our cost savings.  | 1                 | 2 | 3 | 4              | 5 |
| 19 | We understand the specific needs and concerns of citizens.  | 1                 | 2 | 3 | 4              | 5 |
| 20 | Our organization knows its social responsibility clearly.   | 1                 | 2 | 3 | 4              | 5 |
| 21 | Our organization has a client-oriented direction.   | 1                 | 2 | 3 | 4              | 5 |
| 22 | We have good public relations with our citizens.  | 1                 | 2 | 3 | 4              | 5 |
| 23 | We are raising money by charging service fees.  | 1                 | 2 | 3 | 4              | 5 |
| 24 | We know how to spend money to save money.   | 1                 | 2 | 3 | 4              | 5 |
| 25 | Our activities are often priced through impact fees.  | 1                 | 2 | 3 | 4              | 5 |
| 26 | We run our business like the private sector.  | 1                 | 2 | 3 | 4              | 5 |
| 27 | We promote participatory management in decision-making and project or program management.                                       | 1                 | 2 | 3 | 4              | 5 |
| 28 | Our organization has flattened its organizational hierarchy.  | 1                 | 2 | 3 | 4              | 5 |
| 29 | We often carry out our mission through teamwork.  | 1                 | 2 | 3 | 4              | 5 |
| 30 | In finance and budgeting, our organization has granted autonomy to the lower levels.  | 1                 | 2 | 3 | 4              | 5 |

**Section 2: Organizational Effectiveness.** Please indicate your degree of evaluation of the organizational performance according to the following items based on actual situations.

|   |  | Very Low |   |   | Very High |   |
|---|--|----------|---|---|-----------|---|
|   |  | 1        | 2 | 3 | 4         | 5 |
| 1 | <b>Productivity/efficiency.</b> Volume of output, the ratio of output over input.                                    | 1        | 2 | 3 | 4         | 5 |
| 2 | <b>Planning and goal setting.</b> The amount of emphasis on the planning, objective setting, and evaluation process. | 1        | 2 | 3 | 4         | 5 |
| 3 | <b>Resource acquisition.</b> The capacity to capture assets and develop external support.                            | 1        | 2 | 3 | 4         | 5 |
| 4 | <b>Flexibility/readiness.</b> The ability to adapt to shifts in external conditions and demands.                     | 1        | 2 | 3 | 4         | 5 |
| 5 | <b>Stability/control.</b> Smoothness of internal conditions, continuity, equilibrium.                                | 1        | 2 | 3 | 4         | 5 |
| 6 | <b>Information management/ communication.</b> Sufficiency of information flows, adequacy of internal coordination.   | 1        | 2 | 3 | 4         | 5 |
| 7 | <b>Value of human resources training.</b> The enhancement and maintenance of overall staff capacity.                 | 1        | 2 | 3 | 4         | 5 |
| 8 | <b>Cohesion/morale.</b> The level of common purpose and commitment among staff members.                              | 1        | 2 | 3 | 4         | 5 |

**Section 3: Demographic Information.** Please tell us about yourself and your organization. Do **not** indicate the name of your organization. The information will be entirely confidential.

- |   |   |
|---|---|
| <p>1. What department or agency do you work for?<br/>_____</p> <p>2. In what state is your organization located?<br/>_____</p> <p>3. What is your official position/title?<br/>_____</p> <p>4. How long have you been working in your current position?<br/>_____</p> <p>5. About how many full time-equivalent employees are there in your organization?<br/>_____</p> | <p>6. What is the amount of the current fiscal year's budget in your entire governmental unit (i.e., State Agency, Municipality or County Government)?<br/>\$ _____</p> <p>7. Have you or your organization initiated an administrative reform or reinvention such as a program or project?</p> <p>a. _____ yes<br/>b. _____ no<br/>c. _____ not sure</p> <p>If the answer is Yes, how much budget has been spent for the reinvention programs or projects during the last three years?</p> <p>a. \$ _____ in 1995.<br/>b. \$ _____ in 1996.<br/>c. \$ _____ in 1997.</p> |
|---|---|



## **APPENDIX C**

### **Coding of Questionnaire for Reinventing Government and Organizational Effectiveness**

| <u>Variable Number</u> | <u>Column Number</u> | <u>Description</u> |
|------------------------|----------------------|--------------------|
|------------------------|----------------------|--------------------|

***CAT1 (x1- Marketization and competition, evaluating from 1 to 5, strongly disagree, disagree, neither disagree nor agree, agree, strongly agree)***

|    |   |                                 |
|----|---|---------------------------------|
| V1 | 1 | Public/private partnerships     |
| V2 | 2 | Contracting-out and outsourcing |
| V3 | 3 | User fees                       |
| V4 | 4 | External competitive mechanisms |
| V5 | 5 | Internal competitive mechanisms |

***CAT2 (x2-Sense of mission, evaluating from 1 to 5, strongly disagree, disagree, neither disagree nor agree, agree, strongly agree)***

|     |    |  |
|-----|----|--|
| V6  | 6  | Reduce accumulated rules and regulations |
| V7  | 7  | Budgeting based on mission               |
| V8  | 8  | Clear mission statement                  |
| V9  | 9  | Mission-oriented culture                 |
| V10 | 10 | Motivation of performance                |
| V11 | 11 | Quality control                          |

***CAT3 (x3-Measured result, evaluating from 1 to 5, strongly disagree, disagree, neither disagree nor agree, agree, strongly agree)***

|     |    |   |
|-----|----|---|
| V12 | 12 | Merit system of paying                    |
| V13 | 13 | TQM approach                              |
| V14 | 14 | Outcomes/results budgeting                |
| V15 | 15 | Information for designing outcomes budget |
| V16 | 16 | Performance measurement                   |

***CAT4 (x4-Customer orientation, evaluating from 1 to 5, strongly disagree, disagree, neither disagree nor agree, agree, strongly agree)***

|     |    |                                 |
|-----|----|---------------------------------|
| V17 | 17 | Measurement of customer service |
| V18 | 18 | Customer comes first            |
| V19 | 19 | Client responsiveness           |
| V20 | 20 | Social responsibility           |
| V21 | 21 | Client-oriented                 |
| V22 | 22 | Public relations                |

***CAT5 (x5- Entrepreneurialism, evaluating from 1 to 5, strongly disagree, disagree, neither disagree nor agree, agree, strongly agree)***

|     |    |  |
|-----|----|--|
| V23 | 23 | Charging service fees                  |
| V24 | 24 | Know how to spend money                |
| V25 | 25 | Impact fees for pricing the activities |
| V26 | 26 | Run business like private sectors      |

***CAT6 (x6- Decentralization , evaluating from 1 to 5, strongly disagree, disagree, neither disagree nor agree, agree, strongly agree)***

|     |    |                                 |
|-----|----|---------------------------------|
| V27 | 27 | Participatory management        |
| V28 | 28 | Flattened organizations         |
| V29 | 29 | Teamwork                        |
| V30 | 30 | Delegating financing and budget |

***CAT7 (Y-Organizational Effectiveness, evaluating from 1 to 5, very high, high, neither low nor high, low, very low)***

|     |    |                           |
|-----|----|---------------------------|
| V31 | 31 | Productivity/efficiency   |
| V32 | 32 | Planning and goal setting |
| V33 | 33 | Resource acquisition      |
| V34 | 34 | Flexibility/readiness     |

|  |         |  |
|--|---------|--|
| V35                                      | 35      | Stability and control  |
| V36                                      | 36      | Information management/communication   |
| V37                                      | 37      | Value of HR training   |
| V38                                      | 38      | Cohesion/morale  |
| <b><i>CAT8 (General Information)</i></b> |         |  |
| V39                                      | 39 – 41 | Study number (001-999)   |
| V40                                      | 42      | Agency (1=federal agency, 2=state agency, 3=county agency, 4=city government, 5=others)  |
| V41                                      | 43-44   | State(50 states and Washinton, D.C. from 01 to 51)   |
| V42                                      | 45      | Position (1=Head of state or county agency, 2=mayor or city manager, 3=Head of city department, 4=normal employee in city, county or state agency, 5=others) |
| V43                                      | 46      | Working period on current position (1=3 years or less, 2=4 to 6 years, 3=7 to 9 years, 4=10 to 12 years, 5=over 12 years)                                    |
| V44                                      | 47      | Number of employees (1=50 or less, 2=51 to 99, 3=100 to 149, 4=150 to 199, 5=Over 200)   |
| V45                                      | 48      | Budget (1=\$5 millions or less, 2=\$6 millions to 15 millions, 3=\$16 to 25 millions, 4=\$26 to 35 millions, 5=Over \$36 millions)                           |
| V46                                      | 49      | Reinventing action (1=yes, 2=no, not sure)   |

|     |    |   |
|-----|----|---|
| V47 | 50 | Budget for reinvention in 1995 (1=less than \$1 million, 2=\$1 to 3 millions, 3=\$4 to 6 millions, 4=\$7 to 9 millions, 5= Over 10 millions, 99=miss) |
| V48 | 51 | Budget for reinvention in 1996 (1=less than \$1 million, 2=\$1 to 3 millions, 3=\$4 to 6 millions, 4=\$7 to 9 millions, 5= Over 10 millions, 99=miss) |
| V49 | 52 | Budget for reinvention in 1997 (1=less than \$1 million, 2=\$1 to 3 millions, 3=\$4 to 6 millions, 4=\$7 to 9 millions, 5= Over 10 millions, 99=miss) |

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