

THE POLITICAL ENVIRONMENT OF PUBLIC ORGANIZATIONS:
POLITICAL SALIENCE, STRUCTURAL INSULATION, AND GOAL AMBIGUITY
IN U.S. FEDERAL AGENCIES

by

JUNG WOOK LEE

(Under the Direction of Hal G. Rainey)

ABSTRACT

The political environment of public organizations has been a central theme in the study of public bureaucracy. Very few studies, however, relate aspects of the political environment of organizations to their organizational characteristics. This study employed political salience as a concept characterizing the political environment of public organizations, and investigated its effects on an organizational characteristic, goal ambiguity. Political salience of a public agency denotes the level of attention that external entities with political authority or influence devote to the agency. This dissertation develops a comprehensive framework for analyzing organizational goal ambiguity. The framework includes three general factors hypothesized to influence goal ambiguity: organizational characteristics, external environmental influences, and managerial actions and influences, and multiple variables within these factors. The analyses of 115 U.S. federal agencies show that their salience to major external actors (Congress, the president, and the media) as well as their overall salience to these entities (i.e., the combined salience of the three actors) related positively to evaluative goal ambiguity and priority goal ambiguity. Then, to analyze how the impact of the political environment on public organizations is conditioned by

certain organizational characteristics, the analysis takes into account the agencies' structural insulation from political influence (institutional location, board governance, fixed term, and specific qualifications for administrators). Insulating structures increase political transaction costs for the political forces that attempt to change agency priorities and directions. The findings are mixed regarding the efficacy of these structures. None were found to moderate the impact of presidential salience on priority goal ambiguity. On the other hand, three insulating structures (except for institutional location) moderated the impact of congressional salience on priority goal ambiguity, reducing it, as insulating arrangements should be expected to do. By developing concepts and measures for political salience and structural insulation, and showing relationships between these variables and an organizational characteristic—goal ambiguity—this study brings together concepts from organization theory and political science. It contributes to the analysis of government organizations and their political environments in a way that researchers have not often done, but in a type of research for which there is still more need.

INDEX WORDS: Political Environment, Political Salience, Structural Insulation, Goal Ambiguity, Political Transaction Costs

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JUNG WOOK LEE

B.A., Yonsei University, 1998, Korea

M.P.A., Seoul National University, 2001, Korea

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JUNG WOOK LEE

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|------------------|--|
| Major Professor: | Hal G. Rainey |
| Committee: | J. Edward Kellough Jerome S. Legge, Jr. Laurence J. O'Toole, Jr. |

Electronic Version Approved:

Maureen Grasso
Dean of the Graduate School
The University of Georgia
August 2006

DEDICATION

This work is dedicated to my parents, Chi-Won Lee and Kil-Kang Kim, and to my wife, Su Jin Na, for their love and inspiration.

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CHAPTER 1

INTRODUCTION

Does the “political environment”¹ matter to public organizations and their management? One might think that the answer to this question is self-evident since scholars and experienced observers have frequently focused on intensive external political influences as one of the most distinctive characteristics of public management and public organizations. Reviews of public-private comparisons commonly report that public organizations are more permeable to the influences of a more diverse array of external political actors than their private counterparts, pointing to the public organizations’ greater need for political support from formal and informal external entities in order to obtain appropriations and authorization for actions (Fottler 1981; Meyer 1982; Rainey 2003; Rainey, Backoff, and Levine 1976; Rainey and Chun 2005; Perry and Rainey 1988). The literature on public bureaucracy and public management abounds with case illustrations of the influence of the political environment on various aspects of managing and organizing public organizations (e.g., Derthick 1990; Hargrove and Glidewell 1990; Radin 2002; Selznick 1966; Warwick 1975; Wilson 1989). To many students of public bureaucracy, the answer to the question posed above will usually be “yes.”

¹ “Political environment” is a broad term that can be conceived at different levels. Stillman (2004), for example, identified four different levels of external forces that can influence public bureaucracy (p. 77-128). At a macro level, political environment can refer to general institutions and values of the political economy that governs a nation. Studies in the tradition of comparative government and politics typically employ this notion of political environment. At a micro level, it can be external political institutions and processes that influence aspects of individual organizations and their management. Much of the literature on bureaucratic politics and public management

The question, however, might not be as straightforward as it first seems. Some might respond to the question by saying, “Not necessarily.” Despite the common notion that public management occurs in an intense political environment, we also encounter many instances where public managers work virtually in isolation from external political influences and scrutiny (Rainey 1993; Simon, Smithburg, and Thompson 1991, p. 266-267). Elected officials generally do not devote serious consideration to administrative issues (Derthick 1990; West 1995). The news media, which have a significant impact on public opinion and thus on politicians, tend to pay attention to administrative agencies only when they are involved in controversial issues or events (Rainey 2003, p. 107; Sharkansky 1982, p. 64-65; Stillman 2004, p. 93-94). Studies report that some public agencies have significant autonomy from the influences of their political masters (e.g., Eisner 1991; Eisner and Meier 1990). For these and other reasons, the political environment of public organizations and their management has received little serious attention from organization theorists and management experts whose primary interest is in developing theories and knowledge that generally applies to any type of organization (Rainey 1993). Unlike political scientists and public administration scholars who typically regard public organizations as subject to unique external political influences, authors in organization theory would assign relative unimportance to the distinctiveness of the political environments surrounding public bureaucracies (Rainey 1989).

What do we make of this stark contrast between the two positions about the significance of the political environment of public management and public organizations? The divergence in the answer to the question might imply the incompleteness of our understanding of the political

conceives political environment as such, and is interested in how administrative behavior is affected by external entities and processes. Political environment as conceived in this study refers to the conception at the micro level.

environment of public management and public organizations and, therefore, a need for further exploration of the topic.

An important reason for the coexistence of these two seemingly incompatible positions is that both of the positions focus on the extremes, devoting little attention to the numerous in-betweens. On one hand, the perspective assuming that public management takes place within a distinctive political context can be criticized for its simplistic view of the significance of the political environment. The literature on public bureaucracy, and specifically studies comparing public and private organizations, tend to overgeneralize in assertions about public organizations (Boyne 2000; Rainey 2003, p. 72-74). Much of this literature simply assumes the significant effects of the political environment on public management and public organizations without serious consideration of the numerous variations in those effects. On the other hand, the position deemphasizing the distinctive role of politics shows insufficient attention to the public sector environment (Bozeman and Bretschneider 1994; Gortner, Mahler, and Nicholson 1997, p. 27). To many organization theorists and management experts, the political environment is at best only one of the many contingencies that organizations, both public and private, face. They assume that external entities with political power and authority are no different from other types of stakeholders.

Both of the positions have significant limitations that hinder our proper understanding of the political environment of public management and public organizations. One is dominated by an oversimplified conception about the distinctiveness of the political context of public management. The other shows too little interest in the role of politics as a dimension of organizational environments. The present study attempts to enhance our understanding of the issue by taking a new approach that overcomes these limits. This study starts from a fundamental

observation that we need to analyze variations among public organizations, rather than overgeneralizing about these, or any other type of organization. Public agencies vary in important aspects such as mission, policy responsibility, tasks, size, and structure (Hood and Dunsire 1981; Lowi 1979; Meier 2000; Ripley and Franklin 1991; Stillman 2004; Wilson 1989), and the nature of their relationship with the political environment can significantly change according to differences in these attributes. For example, public agencies differ in the levels of attention they receive from elected officials. Congressional studies show that legislators typically pay more attention to the agencies that deal with distributive programs that are closely associated with their re-election chances (e.g., Arnold 1990). A federal agency does not receive the same level of attention from the president and Congress since the two political institutions have incentive systems that differ in important ways (LeLoup and Shull 2003; Wilson 1989). The present study seeks to observe objectively this varying nature of the political environment facing public organizations and to investigate how it systematically affects important aspects of managing public organizations.

Achieving this purpose takes, first of all, clearer and more systematic conceptualizations of the political environment and clarification of its dimensions (Rainey 1993). The present study employs political salience as a concept characterizing the political environment of public organizations. Political salience of a public agency denotes the level of attention that external entities with political authority or influence devote to the agency. This study identifies dimensions of political salience and measures their variations using objective archival sources, treating these dimensions as a continuum that encompasses not only the extremes, but also the levels in between. Then, to determine the significance of the political environment of public management, this study analyzes how political salience affects public organizations and their

management, concentrating on one important organizational attribute, goal ambiguity. Drawing on the dimensions of goal ambiguity developed by Chun and Rainey (2005a), the present study investigates how different dimensions of political salience affect different dimensions of goal ambiguity in public organizations, using a diverse set of control variables. In doing so, it also analyzes the ways in which the impact of the political environment on public organizations is conditioned by certain organizational characteristics. More specifically, it examines how insulating structures condition the relationship between political salience and goal ambiguity of public organizations. The concept of “insulating structures” refers to agency design with characteristics that insulate an agency from external political influences. Moe (1989) points out that choices about agency design are fundamentally political, implying that public agencies are not equal in the degree to which they are insulated from present and future political influences. This study clarifies the concept of insulating structures, and identifies four types of insulating structures and their effects.

This study offers progress towards a systematic understanding of the relation of the political environment to public organizations and their management, lessening the confusion about the relation in the extant literature. The subject is a fundamental issue about public organizations and their management, but it has seldom been the subject of systematic inquiry in studies with large samples and empirical measures. By providing a clear concept of the political environment and its dimensions, empirically measuring them with objective data, testing their associations with an important organizational characteristic, and observing how the impact of the political environment is conditioned by certain structural features, this study extends our knowledge of the political context of public management. The research findings from this study also contribute to the existing literature on goal ambiguity. The present study extends a recent

line of studies that conceptualized dimensions of goal ambiguity and identified their antecedents and consequences using objective measures (Chun and Rainey 2005a; Chun and Rainey 2005b). The present study analyzes how dimensions of goal ambiguity are affected by political variables, political salience and structural insulation.

This study is organized into nine chapters. Chapter 1 introduces the scope and purpose of this research project. Chapter 2 provides a critical review of the literature on the political environment of public management and public organizations, identifying a list of problems that must be dealt with for a better understanding of the subject. Chapter 3 introduces political salience, which the present study employed as a concept that represents a dimension of the political environment of public organizations. Chapter 4 introduces the concept and dimensions of organizational goal ambiguity, and discusses why organizational goals provide an important focus for investigating the impact of political environment on public organizations. Drawing on the findings from the previous goal ambiguity research and the relevant literature, this chapter also suggests a comprehensive framework for analyzing organizational goal ambiguity. Chapter 5 develops hypotheses about the relationships between political salience and dimensions of goal ambiguity based on the relevant literature. Chapter 6 introduces structural insulation as an organizational contingency that can mediate the impact of the political environment on public organizations. This chapter identifies four insulating structures and develops hypotheses about how these structures moderate the impact of political salience on goal ambiguity in public organizations. Chapter 7 provides information regarding the dataset used for this analysis. This chapter elaborates how each of the variables considered in this analysis was measured. Chapter 8 reports the results of data analysis. Chapter 9 concludes the study by discussing the research findings and discussing the implications of this study.

CHAPTER 2

THE POLITICAL ENVIRONMENT OF PUBLIC ORGANIZATIONS: A LITERATURE REVIEW

Unlike organization and management theorists, who generally pay little attention to the political environment of public organizations, many scholars of public administration, public management and political science have long recognized the importance of the political environment and seriously considered it in the discussion of public bureaucracies. Textbooks on public administration commonly include chapters introducing the political environment surrounding public organizations and their managers. Power relationships between the bureaucracy and its external entities have been a central theme in the research on bureaucratic politics.

The literature that speaks to political environment, however, is extensive and sprawling. Contributors have explored the subject with various foci and through a diverse array of methodological approaches. They have provided a variety of research findings and arguments, which are often incompatible, leading to significant fragmentation in the perceptions about the relationship of the political environment to public organizations and their management.

A systematic exploration of the literature requires identifying major streams or bodies of research and critically assessing their strengths and weaknesses. Of course, trying to bring some order to a literature so fragmented is no easy undertaking. However, a careful reading reveals

that the literature can be divided into two broad groups, depending on from whose perspective the relationship of the political environment to public organizations has been approached. Those who are in the tradition of political science typically analyze the relationship from the perspective of political principals. They are interested primarily in whether and how elected officials and other external entities with power and political authority can ensure bureaucratic compliance with their preferences. This approach to the relationship of the political environment to public agencies can be called a “top-down approach” since it analyzes the relationship from the perspectives of the institutional or external political actors attempting to influence the behaviors of public bureaucracies. On the other hand, many public administrationists and public management scholars start from the perspectives of public organizations and their managers, and study how they are influenced by the political institutions and processes. They tend to see the political environment as imposing constraints or uncertainty that public managers must cope with to achieve their missions and tasks. One might call their approach “bottom-up” since they attempt to understand the relationship from the perspective of public organizations and their managers, the targets of external influence attempts.

This chapter presents a critical evaluation of these two different streams of research and identifies their limitations in the understanding of the political environment of public organizations. It suggests three points for more complete knowledge of the subject.

2.1 The Top-down Approach

Political scientists typically take a top-down perspective when they explore the relationship between the bureaucracy and its political environment. This tendency is closely related to their interest in political control of the bureaucracy. They have developed a rich body

of research on this subject, focusing on three somewhat different but related questions: who controls the bureaucracy, congressional decisions on delegation, and the politics of agency design. This section briefly introduces the literatures that deal with these questions. Then, it provides a critical analysis of the general problems of the top-down studies.

2.1.1 Literature on Who Controls the Bureaucracy

A body of research on “who controls the bureaucracy” concerns the relative influences that the political superiors have on the bureaucracy and the effectiveness of the resources and tools available to these political masters for the control of the administrative agencies. This literature has flourished in the last two decades and developed multiple competing perspectives regarding who really controls the bureaucracy (Hammond and Knott 1996), including congressional dominance (e.g., Weingast and Moran 1983), presidential control (e.g., Moe 1982), court constraints (e.g., Melnick 1983), bureaucratic autonomy (e.g., Eisner and Meier 1990), joint control by Congress and the president (e.g., Wood and Waterman 1994), and reciprocal relationships between the bureaucracy and political institutions (e.g., Krause 1996, 1999). A more recent stream of research attempts to capture the dynamic aspects in the interaction between political masters in competition for political control of administrative agencies (e.g., Whitford 2005). These studies also examine the effect of different control instruments on administrative decision-making. For example, Wood and Waterman (1994) report that control instruments such as the appointment power of the president and congressional oversight activities have significant effects on administrative behaviors. Carpenter (1996) shows the effectiveness of budgetary manipulations on influencing decision-making activities of

administrative agencies. Whitford and Yates (2003) find that the president's use of rhetoric systematically affects the priorities of agency administrators.

2.1.2 Literature on legislative delegation

The literature on congressional decisions about delegation is concerned primarily with institutional arrangements that shape the behaviors of administrative agencies. This literature has been heavily influenced by the perspectives of transaction cost economics and principal-agency theory. The most fundamental theme in this literature concerns the delegation dilemma: delegating decision-making responsibilities for the benefits of specialization entails sacrificing some control (McCubbins, Noll, and Weingast 1987, 1989). Some efforts have focused on the conditions under which legislators are more likely to delegate to administrative agencies. The factors they identified include political ones such as executive-legislative preference alignment and strength of the winning coalition and the ones associated with policy characteristics such as uncertainty or complexity, salience, and distributive policies (Epstein and O'Halloran 1999; Franchino 2004; Huber and Shipan 2002; Ringquist, Worsham, and Eisner 2003; Volden 2002). Others have explored the effectiveness of legislative responses to the delegation dilemma. They deal with the effectiveness of the institutional arrangements such as the Administrative Procedures Act in ensuring compliance from agencies with discretion (e.g., Balla 1998; Macey 1992; McCubbins, Noll, and Weingast 1987; 1989). Positive theorists, for example, have explored whether "deck-stacking"² through administrative procedures or structures enhances political control of the bureaucracy by predisposing administrative agencies to make policy decisions preferred by the constituents of enacting coalitions (Balla 1998).

2.1.3 Literature on agency design

The literature on the politics of agency design also draws on the ideas and perspectives of transaction cost economics and principal-agency theory. Studies of agency design (or structure) pay special attention to the political nature of congressional decisions about agency design and the political dynamics that affect those decisions (e.g., Moe 1989; Lewis 2003; Wood and Bohte 2004). Since agency design is an important determinant of bureaucratic responsiveness to democratic institutions, decisions about agency design are dominated more by political factors than by rational analysis (Lewis 2003). Moe (1989) argues that agency design reflects a struggle among political actors and that this political struggle may lead to structures and processes that hinder agency effectiveness. Lewis (2004) reports that agencies with insulating structures tend to last longer than those with no such structures, and contends that insulating structures have a negative impact on the managerial ability of the modern presidents.

2.1.4 Limitations of the top-down approach

The three separate but interrelated literatures have produced a variety of research findings regarding whether and how behaviors of administrative agencies are influenced by political institutions as important components of the political environment. Studies that take the top-down approach, however, have significant limitations in relation to understanding the influence of the political environment on agency behaviors and characteristics.

First, studies taking a top-down perspective often treat bureaucracies as “black boxes” (Meier and Krause 2003, p. 234). Many of the top-down studies treat the bureaucracy as a set of passive entities simply responding to pressures and signals from the political superiors. Their

² A good example of “deck-stacking” is the decision to create an advisory board or an oversight board; by creating such structures, legislators increase the likelihood that certain interests will be represented in important agency

analyses devote little attention to internal processes within the organizations that affect administrative outputs. Public agencies have varying degrees of power and autonomy (Meier 2000, p. 48-66), which can significantly affect the effectiveness of the external political control efforts. Obtaining compliance depends on bureaucratic capacity in important ways (Huber and McCarty 2004). A recent study by Meier and O'Toole (2006, p. 178) reports that bureaucratic variables have largely been ignored in the political control literature. Without serious consideration of the internal workings of the bureaucracy, political control studies tend to jump to the conclusion that the bureaucracy is under control when they find some conformity between the preferences of political principals and bureaucratic outputs. A similar tendency is observed in the literatures on legislative delegation and the politics of agency design. A close look at these two literatures reveals that they have an overly deterministic view of institutional arrangements. They implicitly assume that, once the administrative procedures or agency structures that the winning coalition prefers are established, bureaucratic conformity is guaranteed regardless of the various organizational characteristics that can condition the effectiveness of the structures and procedures. They also seldom measure agency characteristics. In summary, the top-down approach has a significant 'missing link' between the political environment and bureaucratic outputs, leaving us with only limited knowledge regarding the relationship between the political environment and public organizations.

Second, the political control literature typically concentrates on only one type of bureaucracy, regulatory agencies (Bertelli and Lynn 2004; Meier and O'Toole 2006; Meier and Krause 2003; Worsham 2003). One can observe this tendency in the work informed by statistical modeling (Corder 2003). The research findings from this literature might not generalize to other types of agencies such as distributive and redistributive agencies. Some authors, nevertheless,

policy decisions.

emphatically argue that political institutions can hierarchically control the bureaucracy, relying on the evidence from their analyses of a few regulatory agencies (e.g., Wood and Waterman 1994). One of the reasons why so many studies on political control of the bureaucracy focus on regulatory agencies is that one can more easily observe and quantify the activities of regulatory agencies (Worsham 2003; Wilson 1989). For example, these studies concentrate on regulatory enforcement actions such as investigation, inspection, law suits, product approval, issuing permits and grants, and licensing, all of which are readily observable and quantifiable. A better understanding of the relationship of the political environment to public organizations requires more robust evidence derived from a more representative sample of agencies³ and from analysis of agency characteristics other than outputs such as enforcement actions.

The third problem is that most studies of political control of the bureaucracy investigate only one agency. Meier and O'Toole's (2006, p. 178) review of the political control literature revealed that the majority of the studies were conducted on one or a few agencies. As they point out, the idiosyncratic results from these studies entail the problem of generalizability.

2.2 The Bottom-up Approach

Unlike the studies that take the top-down approach, many studies of public management attempt to understand the political environment from the perspectives of public organizations and their managers. A significant portion of these bottom-up studies conceive the political environment as a major management challenge for public organizations in achieving their missions and goals. A body of research on how public managers perceive the political

³ A group of recent studies in the political control literature are notable for their attention to non-regulatory agencies (e.g., Balla 1998; Bertelli and Lynn 2004; Corder 2003; Meier and O'Toole 2006; Worsham 2003). Corder (2003), for example, investigated the impact of agency structure as an instrument of political control on bureaucratic performance in federal credit programs.

environment is also noteworthy in this research stream. This section briefly introduces these two major groups of studies. Then, it critically analyzes the problems of the bottom-up studies.

2.2.1 Public management scholarship

Studies that emphasize the distinctiveness of the public sector abound in the literature on public administration and public management. They commonly point out that many of the distinctive features of public organizations and their management can be attributed to the political context and environment. The scope of their analyses of the political environment is comprehensive. They include attention to individual political actors that can exert immediate influences; aspects of political systems such as democratic elections, separation of powers, and federalism; the effect of system-wide rules imposed across the government by oversight and management agencies; and the general values and institutions of the political economy that can serve as fundamental assumptions in decision making in the public sector (Rainey 2003). Since the political environments of public organizations are often discussed on the intellectual basis of public-private comparisons, it is commonly described and perceived as a major managerial challenge and sources of uncertainty that public managers face. For example, various articles and books mention the distinctive political context of public organizations as a major obstacle to successful implementation of rational management schemes, such as strategic planning, performance management, and total quality management (e.g., Radin and Coffee 1993; Radin 2000; Roberts 1993).

2.2.2 Public managers' perceptions of the political environment

In addition to this prevalent discussion of the political environment as a key management challenge, a small but intriguing body of research deserves attention. It seeks to explain how public managers perceive the influence of a variety of political principals from both inside and outside of government. This type of research has been conducted at all levels of government, exploring relative influence of various actors in the political environment (Brudney and Hebert 1987; Furlong 1998; Stehr 1997; Waterman, Rouse and Wright 1998). Waterman and his colleagues (1998) report an interesting finding that public managers perceive common characteristics in the influence exerted by different political principals. For example, they provide evidence that federal managers perceive commonalities in the influence exerted by the two political masters, Congress and the president, as distinguished from those perceived in the influence exerted by other groups of principals. They also report that bureaucrats respond to different sets of principals in different ways.

2.2.3 Limitations of the bottom-up approach

The bottom-up approach has provided rich observations about the political environment of public management and how it poses challenges to the management of public organizations. Its important findings regarding the relative influence of political actors and the patterns of influence perceived by public managers make a significant addition to our understanding of the relationship between political institutions and the bureaucracy, when considered together with the findings from the political control literature. The bottom-up approach, however, has several limitations.

First, a significant portion of the studies are based on simple case descriptions and illustrations. They are often anecdotal, lacking systematic empirical and conceptual analyses. This limits their contribution to understanding the political environment of public organizations. They attribute influences to the political environment, and generalize about government agencies based on one or a few agencies, without comparing a large sample of agencies to analyze variations and to validate the influence of the political environment. The research findings from these studies could well be idiosyncratic.

Second, in a similar vein, bottom-up studies have been criticized for not being sufficiently theory-guided or theory-oriented in comparison to top-down studies. Public administration scholars have paid more attention to describing the political context of governmental organizations, but less attention to building a political theory of government organizations. This is closely related to the imbalance between practice and theory in the public administration scholarship. The practical slant in public administration research (Perry and Kraemer 1990) has hindered the development of explanatory theories (Bozeman 1993). Moe (1991, p. 113) even characterizes public administration “a normative exercise about good government” and argues that it is not “a theoretical exercise” at all. Students of public bureaucracy have made numerous observations about the impact of the external political influences on public organizations. These observations provide useful insights about the significance of the political environment of public bureaucracy. Without proper theoretical backing, however, these will hardly build up to systemic knowledge that can guide both theory and practice of public management, and will serve only as “wisdom” at best.

Third, research findings about public managers’ perceptions about the political environment are limited in contributing to understanding how the political environment affects

public organizations and their management. They are about public managers' perceptions about their political environment *per se*, and provide little evidence about the influence of the political environment on other important aspects of organizations. They do not provide systematic evidence about how different authorities and stakeholders relate to key aspects of public organizations and management.

2.3. An Overall Assessment

The critical analyses of the two approaches advanced above demonstrate needs to advance our knowledge of the political environment of public organizations. There are several problems that need to be confronted for a better understanding of the subject.

First, clear and systematic conceptualizations of the political environment are required. As the discussion of the two approaches demonstrates, different studies have approached the political environment of public organizations with different meanings, with different foci, and at various levels. Some top-down approach studies have focused on individual political actors. They are interested in whether and how these political actors can ensure bureaucratic compliance. Other top-down studies have focused on institutional arrangements: Much research on legislative delegation and agency design basically concerns the consequences of the institutional choices made by political actors. The bottom-up approach, on the other hand, has tended to conceive the political environment more broadly than the top-down approach: the political environment can mean any entities from individual political actors to the highest level of political economy of the nation.

What adds to this confusion about the political environment is that it can have diverse meanings. It can mean control or influence as typically conceived in the political control

literature. On the other hand, it can refer to sources of support and opportunities as often emphasized in the strategic management literature. As such, it is not surprising that studies have different findings about whether and how the political environment influences public organizations, leading to confusion about the relationship between the two. The political environment has been a central theme in the discussion of the public bureaucracy, but still requires more efforts at conceptualization and analysis. Of course, we have well-known and frequently used typologies such as Wilson's (1980, 1989) four types of public agencies that imply different types of political environment.⁴ Typologies have not been very successful in the social sciences, however (Rainey 1993). The political environment of public management is much more complex and dynamic than a simple typology can encompass. Thus, we need to develop more systematic conceptualizations of the political environment and to identify its dimensions and their variations.

Second, a constructive synthesis of the two approaches is needed for more complete knowledge about the political environment of public organizations. As the critical analyses of the top-down and bottom-up approaches indicate, a more proper understanding of the political environment cannot be achieved by taking one approach and discarding the other. The two approaches are complementary in two important ways. One critical reason for the incompleteness of the top-down approach is its inattention to organizational or bureaucratic variables, which are seriously considered in the bottom-up approach studies. On the other hand, the bottom-up approach to the subject, compared to the top-down approach, has been less

⁴ Wilson (1989, p. 158-171) classifies public organizations into four types: production, procedural, craft, and coping organizations. His typology is based on the difficulty of observing outcomes and outputs of organizational activities. Production organizations are agencies in which both outputs and outcomes can be observed; procedural organizations are agencies where only outputs are readily observed; craft organizations are agencies where only outcomes can be observed; and coping organizations are agencies in which neither outputs nor outcomes can be observed.

strongly motivated by theoretical concerns in exploring the relationship between the political environment and public organizations. There are virtually no studies that accommodate these two critical features at the same time.

Third, we need to broaden the scope of our attention that has often focused on one aspect of organizations. The extant literature, specifically that on the top-down approach, discusses the influence of the political environment primarily in relation to certain bureaucratic outputs such as regulatory enforcement activities. Little attention has been paid to important dimensions of organizing and managing such as goals, structures, and processes. Organizations are open systems that are susceptible to external influences (Scott 2003), and this means that not only organizational outputs and outcomes but also other organizational dimensions can be affected by the political environment. Organization theory informs us that these are the important contingencies that affect the final organizational outputs and outcomes (e.g. Daft 2001). The final outputs and outcomes in which the external political actors are interested might be significantly conditioned by internal organizational characteristics. Thus, we cannot simply assume either that the political environment has a significant effect on these dimensions, or that it has no such effect on them. Only when we enlarge our scope of attention to include these critical organizational features will it be possible to get a more complete picture of the subject. We need more studies that can supply the missing link.

This study aims to fill these voids in the existing literature. As a step toward achieving this purpose, the next chapter develops a concept that can capture important characteristics of the relationship of the political environment to public organizations: political salience. It conceptualizes political salience and clarifies its dimensions through a critical literature review on diverse salience studies from diverse disciplines.

CHAPTER 3

POLITICAL SALIENCE

This chapter introduces the concept of political salience in an effort to conceptualize the political environment of public organizations. It reviews the literature on salience across the social sciences. Based on the literature review, this chapter provides a definition of political salience and identifies the dimensions of the concept.

3.1 A Review of the Literature on Salience

Salience is an important concept in many social science disciplines including political science, communication, and social psychology. In political science, the word was initially used by voting behavior scholars to understand the impact of issues on candidate choice of individual voters (Wlezien 2005). Salience also has drawn much attention from studies of political elites (Epstein and Segal 2000). These studies found that issue salience affects the behavior of political elites such as legislators (Mayhew 1974; Fenno 1978) and justices (Segal and Spaeth 1993). Hood and Dunsire (1981), in their study on the British central government, reported that certain agencies get higher levels of press coverage than other agencies. The concept is considered so relevant in political science that it is employed even to explain international politics (e.g., Vasquez and Mansbach 1984).

In the field of communication, media salience has been treated as a key independent variable in agenda-setting research (Kiousis 2004). Many studies have explored how media

coverage of political issues translates into salience in public opinion (e.g., Funkhouser 1973). In addition to this interest, the field has also related salience to such subjects as political candidates, political advertising, policy agendas, and public relations (Kioussis 2004).

According to Rabinowitz *et al.* (1982, p. 43), psychologists, like political scientists and communication scholars, have had a long interest in how perceived salience affects individual decision making. They are also interested in identifying the antecedents or causes of social salience (Fiske and Taylor 1991). As these examples show, salience has been broadly discussed in relation to diverse subjects in social science.

3.1.1 Challenges in defining salience

What do we mean by salience? A literature review on salience leads one to conclude that the concept evades easy definition. Authors across fields write about salience but their discussion of salience is not based on a broad consensus about what salience means. Some studies do not provide any clue about what they mean by salience. An additional complicating factor in defining salience is the diversity of study foci. Some studies concentrate on issue salience; some are interested in media salience; and some deal with candidate salience, and so forth. Wlezien (2005), however, notes that salience has primarily been used to denote two meanings: *importance* and *prominence*.

3.1.2 Characteristics of salience

Despite the difficulty in defining salience, however, a review of salience studies identifies two important characteristics of salience. First, the salience of an entity can vary from time to time. A salient issue at one time, for instance, can become more salient with time's passage, or it

can diminish at a certain point of time. A series of the National Election Studies clearly show that the “most important problem facing this country” varies over time. One will observe the same in the Gallop Poll “Most Important Problem” survey. Burden and Sanberg (2003, p. 106) report that the government budget was a highly salient issue in the 1984 and 1996 elections; however, the issue was not salient at all in the 1956 and 1964 elections. Second, salience of an entity varies from person to person. People in different contexts, with different prior knowledge and different goals, will pay different levels of attention to a given thing. Since individual factors figure prominently in political judgments, “the issue one person regards as critically important may be ignored or viewed as trivial by another” (Rabinowitz, Prothro, and Jacoby 1982, p. 44). These two characteristics inform the need to give serious consideration to the dynamic and varying nature of salience.

3.1.3 Measuring salience

What methods have been employed to measure this varying nature of salience? A review of the literature shows that there are a few well-established methods of measurement. First, much public opinion research has relied on such survey questions as “what is the most important issue facing the nation?” Using items such as this, public opinion studies have approached various issues and captured variations in their salience (e.g., Burden and Sanberg 2003). Second, much agenda-setting research typically looks into the amount and intensity of media coverage on a specific issue and investigates their impact on agenda-setting activities. This stream of research measures salience of an issue by focusing on prominent media outlets such as the *New York Times*, the *Washington Post*, and ABC news and gauging the amount and intensity of news coverage of that issue (e.g., Kioussis and McCombs 2004). Third, content analyses of various

types of documents also are frequently used to measure salience. Studies of the U.S. Supreme Court, for example, attempt to measure case salience against such criteria as whether cases were reprinted in constitutional law books or whether they are on *Congressional Quarterly*'s list (See, Epstein and Segal 2000, p. 69). Some media salience studies content-analyze news coverage on a specific issue and classify the coverage as positive, neutral, or negative (Kioussis 2004).

3.2 Political Salience

The literature review above suggests that clear conceptualization of political salience is required before we proceed to explore the relationship of political salience to public organizations. Only when we are clear about what we mean by political salience, can we devise a proper measure that can accommodate its varying nature. This section starts with a conceptualization of political salience. Political salience is a concept the present study attempts to develop in an effort systematically to conceptualize the political environment of public organizations. However, an important issue should be taken into account in defining the concept of political salience. The issue concerns where the political environment starts and where it ends. As noted in the previous chapter, the political environment can be any of the various levels from individual external actors to general values that guide the political economy of the entire nation, or it can denote all these together. Regarding this issue, the present study settles on the individual actor level. After providing a working definition of political salience, this section also explicates dimensions of political salience. It covers the conditions under which a governmental agency becomes salient as well.

3.2.1 Definition

This study defines *political salience* of a government agency as the level of attention external entities with political power and authority devote to the agency. The definition narrows the scope of the political environment to the level of individual actors as mentioned above. By *political power and authority*, the present study means that political actors are in a position to exert influence over the agency to try to get the behavior of the agency in line with their preferences. *The level of attention* denotes the degree to which the agency is important or prominent to the political actors.

The present study assumes that the more attention one of the political actors with power and authority devotes to an agency, the more likely the actor will influence or seek to influence that agency. There may be relatively innocuous forms of attention to the agency, but one can reasonably assume that the political actors as rational decision-makers will allocate their attention to matters they consider important. This is because attention is a scarce resource for the political actors who are constrained by time and resources. In addition, allocating attention to a public agency or its activities incurs opportunity costs.

3.2.2 Dimensions of political salience

The literature review of salience in this chapter identified two important characteristics of the concept: salience varies from person to person, and from time to time. Considering that the main focus of the present study is on the *general* relationship of the political environment to public organizations, however, the time dimension is not considered in the current discussion. This study assumes that political salience of a government agency has a *tendency* or *pattern* that can be observed across time. It considers only the actor dimension.

Important differences in the constitutional roles and authorities among the political actors call for attention to the variations at the individual actor level. Political salience of a public agency should vary from one political actor to another considering that political actors do not have the same values, goals, and incentives (LeLoup and Shull 2003; Moe 1989; Wilson 1989). Political actors are not equal in the constitutional roles they are expected to play and power and authorities given to them. Individual political actors as rational beings can be expected to act so as to maximize their own interests. Thus, one can expect that they will pay more attention to the agency that can affect the realization of their own values, goals, and interests, giving less attention to the ones that do not. Public agencies do differ in such important aspects as mission, goal, value, and type of policy responsibility. A political actor whose interest is in line with one type of policy, for instance, will have relatively little incentive to pay attention to the agencies dealing with other types of policies. From the perspective of the political actors, public organizations thus provide them varying degrees of incentive to spend their limited time and resources.

3.2.3 Conditions of Political Salience

When does a public agency become salient to external entities with political power and authority? Several situations can be suggested, even though they do not cover all the possibilities. First, a public organization becomes salient for the policies and programs for which it is responsible. When political actors in the environment find its programs important to them, they will pay attention to the agency. Legislators, for instance, will pay high levels of attention to an agency when constituencies in their districts are affected by its programs.

Second, public agencies can be salient for their general mission and functions. The level of importance the public attaches to the agency's general function influences the value that other political elites assign to the agency (Hargrove and Glidewell 1990, p. 3-9; Meier 2000, p. 50). Agencies related to national defense and security, for example, typically draw strong support from the general public because people attach importance to those functions (Rainey 2003, p. 104-105). On the other hand, agencies with clientele the general public do not deem legitimate usually receive lower support in public opinion polls (Hargrove and Glidewell 1990, p. 5-6; Rainey 2003, p. 105). In either situation, public agencies can draw attention from political institutions. In a similar vein, a public agency with a high level of public visibility can be more salient to political actors. This is because public opinion in regard to the agency becomes more meaningful to them when the general public has a high level of attention to the agency (Meier 2000, p. 49-50).

Third, a public organization can become salient because of individual events that are directly or indirectly related to it. A crisis situation draws policy makers' attention (Kingdon 1995, p. 16-17), and this makes the agencies related to that event more salient to them. A good example is the Federal Emergency Management Agency. The recent Katrina disaster has made the agency draw an extremely high level of attention from various political actors including Congress, the president, the news media, and the general public.

3.3 Political Actors

Public organizations have a diverse array of stakeholders in their environments. These actors can be broadly divided into formal and informal groups: The former includes chief executives, legislatures, courts, other government agencies, and other levels of government and

courts; the latter involves interest groups, the news media, policy subsystems, and the general public (Rainey 2003, p. 91). Among these external actors that can affect the management and operations of public organizations, the present study concentrates on three actors at the federal level, two from the formal group and one from the informal group: the president, Congress, and the news media. Focusing on these three actors provides several important advantages. Congress and the president have been the central foci in the discussion of who controls the bureaucracy because they have been known as the ones that have the strongest and most direct political influence on agencies. Looking into how salience to these two political institutions affects public organizations is one way of testing the validity of such competing claims as congressional dominance (e.g., Weingast and Moran 1983) and presidential control (e.g., Moe 1982). Investigating the effect of political salience at the media level provides a good opportunity to explore the relations between the media and public administration, which have virtually been ignored in the extant literature (Lee 1999). Studies report the news media's significant effect on public opinion (Erbring, Goldenberg, and Miller 1980; Funkhouser 1973; Miller, Goldenberg, and Erbring 1979) and the two elected institutions' sensitivity to public opinion in their decision making (Kingdon 1981). A search has found few studies, however, that examine how the media affects public organizations and their management.⁵

This section briefly discusses the primary roles and resources the three political actors have. It also deals with the distinctive goals and incentives each political actor has. One important reason for the coverage of these aspects is to show how attention from the political actors can reasonably be conceived as real influence or an influence attempt. Each political actor

⁵ Carpenter's (2002) study of Food and Drug Administration (FDA) drug approvals is an example of such a study. His study investigates how the regulatory agency responds to the signals from multiple political actors by focusing on FDA drug review times. The study reports that it takes less time for the FDA to approve a drug when the drug

is constrained in time and resources. The present study assumes that, to maximize their interests (i.e., to realize their goals and incentives), they will rationally allocate their limited time and resources to the matters that they consider important. Since attention is an activity that incurs opportunity cost, their attention to the administrative agencies should be understood as a purposeful activity geared at influencing the agencies to behave in a manner consistent with their preferences. Thus, one can reasonably consider attention from the political actors as entailing real influence or at least as an influence attempt. The following discussion of the three political actors heavily draws on Rainey (2003) and Meier (2000).

3.3.1 Congress

Congress influences the federal agencies by performing the roles of a policymaker, overseer of the bureaucracy, and representative of particular constituencies and constituents (Derthick 1990). It was created as the nation's representative institution, with ensuring the bureaucracy's responsiveness to the people as one of its primary missions, and for this reason it possesses and exercises as much formal and legal authority over public bureaucracies as does any other actor. Major congressional means to influence public organizations include budgeting, legislation, oversight, and informal contacts. By having the final say about resource allocation, Congress can exert influence on the activities of public agencies. Through legislation, it can designate the missions, duties, and structures of public agencies. It often conducts oversight activities such as hearings, audits, and investigations as *ex post* control mechanisms. Legislators also make informal contact with members of public agencies, often with casework requests. Studies of congressional control of the bureaucracy have accumulated evidence of the overall

receives intensive media coverage, indicating that the media exert an important political influence on the decision-making of this regulatory agency.

effectiveness of these diverse congressional tools (e.g., Wood and Waterman 1994). It is expected that congressional attention to federal agencies will have significant effects on their behavior.

Congress does not have the same level of interest in all of the federal agencies (LeLoup and Shull 2003). Some authors point out that legislators have little incentive to pay attention to the agencies and their management because they see little political advantage in doing so (Derthick 1990, p. 91; Meier 2000, p. 135; Rainey 2003, p. 112; Ripley and Franklin 1991, p. 193). Congressional attention varies from agency to agency. What goals and incentives guide the legislators' attention? There can be many, but reelection can be deemed their dominant goal. Legislators intensely care about reelection (Arnold 1990). Of course, they have other important goals and incentives that are closely related to their personal beliefs and ideology and these may guide their behaviors. Yet it is hard to deny that they tend to choose the reelection goal when it is in competition with their other goals. Members of Congress are sensitive to the patterns of costs and benefits involved in policy alternatives being considered (Deering and Smith 1997, p. 91). Congressional members represent individual districts or states, and their behavior is directed at ensuring the well-being of their districts and constituencies (Lewis 2003, p. 25). Thus, if a federal agency's programs affect all parts of the country equally, then Congress will have fewer incentives to pay attention to the daily management of that agency; but they will be interested in the agency when its programs affect districts and states differently (Wilson 1989). For instance, "when the Department of Housing and Urban Development funds housing projects in cities, it is doing something that confers a concrete benefit on some localities and not others, and so Congress takes a keen interest in how HUD makes those decisions" (Wilson 1989, p. 275).

Legislative behavior regarding a public agency depends heavily on what type of policy and activity the agency deals with (Derthick 1990; Wilson 1972).

3.3.2 President

The president influences the bureaucracy as the nation's political leader, policymaker, and supervisor of the administrative branch. He or she has diverse and strong power and authority over federal agencies, as Congress does. Presidents have appointment power. They appoint all cabinet secretaries and most bureau heads in the federal government. Studies have provided evidence that presidents ensure bureaucratic compliance through this power (e.g., Wood and Waterman 1994), although the president's ability to influence the bureaucracy through appointments is not absolute (Meier 2000, p. 154). Presidents also can rely on the executive office for the effective influence on federal agencies. Most federal agencies have to obtain Office of Management and Budget (OMB) clearance on all communications with Congress. Regulations made by federal agencies are subject to OMB review before they are enforced. The OMB regulatory review activities have promoted the interests and priorities of the presidents across different administrations (West 2005). The president also has budgeting power. Though Congress ultimately approves the budget, his or her executive office first assembles the agency budgets before he submits them. In the process, the president attempts to incorporate his or her priorities into the budget and prompt the agencies to develop programs that he or she supports (Rainey 2003, p. 114). A recent study, for example, provided empirical evidence that the president exerts significant political influence on federal budget allocation (Larcinese, Rizzo, and Testa 2006). Through executive orders and proclamations, presidents can also impose their priorities on the agencies (West 1995). They can even create agencies through executive orders

(Howell and Lewis 2002). These agencies created through executive orders tend to last longer than legislatively created ones (Lewis 2004). Most of all, however, the most distinctive and influential power of the president is the ability to set the national agenda (Derthick 1990; Kingdon 1995; Whitford and Yates 2003). As the nation's political leader, the president exerts enormous influence on what the government does and on what the national priorities are. For example, the president often establishes the agenda for national debate using his or her exclusive responsibility for submitting a budget recommendation (West 1995, p. 81). The national agenda and priorities set by the president directly or indirectly serve as the basis on which a federal agency makes its policy decisions and management direction. Once a presidential policy initiative is on the move with the power and prestige committed by his office, subordinate agencies fall under significant pressure to cooperate with it (Derthick 1990, p. 67). In sum, considering much evidence about the effectiveness of presidential control, the management and operations of a federal agency can be significantly affected by a high level of attention that the president devotes to it.

As is the case with Congress, however, all agencies are not equally important to presidents (LeLoup and Shull 2003; Moe 1989; West 1995). Presidents take more interest in the agencies that have programs related to their priorities (Behn 1998). In addition to these agencies, they tend to allot more time and resources to departments and agencies traditionally deemed as presidential agencies such as those responsible for defense, state diplomacy, and security (Cronin 1980, p. 276-278; LeLoup and Shull 2003, p. 213). More importantly, however, it should be noted that their incentive structure is different from those of the legislators. Presidents, unlike members of Congress, have a large national constituency, so they are sensitive to those issues affecting the nation as whole (Moe 1989, p. 279; Lewis 2003, p. 24). Thus, they will pay more

attention to the agencies with programs that affect all parts of the country. For instance, “when the Treasury Department tries to manage the dollar in international markets, it is engaging in an activity that has few distributional consequences, and so Congress is (usually) not very interested in its internal affairs. [Agencies such as] the Treasury Department will be “presidential” agencies” (Wilson 1989, p. 273). On the other hand, presidents do not pay much attention to pork-barrel issues on which legislators place high levels of priority (LeLoup and Shull 2003).

3.3.3 Media

The news media play the role of informing the general public, based on the freedom of the press that the Constitution guarantees. Mass media obviously do influence the public agenda (Kingdon 1995, p. 57), and their power mainly comes from the importance of public opinion (Rainey 2003, p. 105). In a democratic society, public policy is formulated and implemented within the context of political culture established by public opinion (Van Horn, Baumer, and Gormley 2001, p. 236). The media have the ability to command public attention, and the public’s attention to, and perceptions of governmental issues are significantly affected by media treatment and coverage of those issues (Erbring, Goldenberg, and Miller 1980; Funkhouser 1973; Miller, Goldenberg, and Erbring, 1979). Likewise, elected officials’ attention to an issue closely tracks media attention to it partly because officials follow the mass media even more than do the general public, and partly because their constituents are affected by the media (Kingdon 1981; 1995, p. 58). The logic applicable to issues can be extended to public agencies when the issue is closely related to a public agency or when the agency itself is the issue. Media attention to an agency can trigger attention from the mass public, and then from elected officials. The media’s influence on governmental agencies is somewhat indirect in that they serve as intermediaries

between the general public and elected officials who have immediate influence on the agencies. A survey of former high-level executives in various presidential administrations revealed that most of them rated media coverage as having a significant influence on public policy (Graber 2003, p. 245). More than half of the high-ranking public officials in the federal government contacted in a survey expressed the view that federal public policies are significantly affected by the media (Van Horn, Baumer, and Gormley 2001, p. 252). Unfavorable media coverage can significantly impact the management and operations of governmental agencies in a negative way (Rainey 2003, p. 105). Overall, the media seem to have power to affect public agencies in both direct and indirect ways.

The news media are interested in generating larger audiences from among the general public. Thus, they tend to focus on serious and controversial problems and issues. They do not have much incentive to pay attention to administrative issues (Rainey 2003, p. 107; Stillman 2004, p. 93). Administrative events normally are not viewed as noteworthy except when these are closely related to election campaigns or when prominent personalities are involved in them (Sharkansky 1982, p. 64-65). Thus, the news media will pay more attention to the agencies when they are involved in highly controversial issues and problems that will draw much attention from the people.

So far, I have briefly discussed three political actors' primary roles, resources, potential influence on the federal agencies, and distinctive incentive structures that guide their attention: the president, Congress, and the media. Evidence abounds that each of the three external entities have direct or indirect impact on the agencies and managers in them. The next step is to see how political salience affects important dimensions of managing the agencies. The present study investigates the impact of political salience on the management of public agencies by examining

how it affects the level of goal ambiguity in federal agencies. The next chapter provides comprehensive coverage of this study's dependent variable, organizational goal ambiguity.

CHAPTER 4

GOAL AMBIGUITY

The present study has selected organizational goal ambiguity as a focus for investigating the impact of political salience on public organizations. This chapter starts by explaining how concentrating on organizational goals fits well with the purpose of this study. It introduces the concept and dimensions of goal ambiguity and explains how each of the goal ambiguity dimensions was measured. Building on the previous research and a review of the literature, a comprehensive framework for analyzing organizational goal ambiguity is suggested at the end of this chapter.

4.1 Why Organizational Goals?

Before discussing the meaning of goal ambiguity, it is necessary to explain why goals are an appropriate focal point for exploring the relationships between organizations and their environments. Organizational goals are a dynamic aspect of organizational activity (Simon 1997; Thompson and McEwen 1958). Setting organizational goals is a matter of “defining desired relationships between an organization and its environment” (Thompson and McEwen 1958, p. 23). In order to survive, the organization must have goals that appeal to its stakeholders, so that they will make the contributions necessary for its sustenance (Simon 1997). Goals of an organization are influenced by its interactions with the environment on which it depends for its legitimacy and resources (Thompson and McEwen 1958).

This general observation about organizational goals applies to public organizations. One of the distinctive characteristics of public organizations is that they are subject to intensive influences from a diverse array of external stakeholders whose support is critical for obtaining appropriations and authorization for action (Rainey 2003, p. 74). External sources of formal authority and influence are highly fragmented, with no coordinating force among them. Public organizations face different expectations from different sources of authority and power. As noted above, organizational goals are a reflection of the relationship between an organization and the external environment that surrounds it. Thus, the distinctive relationship between public agencies and their political environments should have consequences for the goal-setting of public organizations. One of the most frequently repeated assertions about public organizations is that they have higher levels of goal ambiguity than their private counterparts (Rainey 2003, p. 74). Numerous authors have characterized the goals of public organizations as vague, multiple and often conflicting with each other, and elusive in relation to performance assessment. Many of these observations about goal ambiguity attribute it to influences of the political context or environment in which governmental organizations operate (e.g., Allison 1983; Dahl and Lindblom 1953, p. 459; Lowi 1979, p. 125; Lynn 1981, p. 79; Wildavsky 1979, p. 215; Wilson 1989, p. 129-131). These frequent and continuous assertions made by scholars and experienced practitioners provides an excellent justification for using goals as a focal point for examining how the political environment affects public organizations.

The observations regarding goal ambiguity and their association with the influences from the political environment, however, have not been subject to systematic empirical inquiries with a large dataset from a representative sample. One important purpose of the present study is to validate the accuracy of these observations about goal ambiguity, overcoming the limitations

discussed in the previous literature. The previous chapter has developed the concept of political salience and clarified its dimensions in an effort at clearly conceptualizing the political environment of public organizations. For this purpose, this study will see how political salience is associated with dimensions of goal ambiguity systematically developed and objectively measured by a recent research effort. Its research findings will illuminate not only the broad relationship between the political environment and public organizations but also the impacts that external political forces can have on dimensions of goal ambiguity of public agencies.

4.2 Goal Ambiguity

This section describes a recent goal ambiguity study, which successfully provided a clear conceptualization of organizational goal ambiguity and identified the dimensions of the concept. Each goal ambiguity dimension is explicated in this section.

4.2.1 Difficulties in studying goal ambiguity

Goal ambiguity has been an elusive concept. Goals can take any of several forms such as missions, mandates, orders, performance criteria, and other forms. These diverse types of goals can be ambiguous or clear when they are associated with one of various goal attributes such as vagueness, specificity, measurability, tangibility, multiplicity, and conflict. Thus, what one person means by ambiguous goals may be different from what another person means. This confusion about the concept of goal ambiguity has been reinforced by different disciplines' focus on different types of goals, and therefore, on different goal attributes. Studies in the tradition of policy implementation, specifically the ones based on the top-down perspective, emphasize the importance of specific legislative mandates for successful implementation of a program or policy

(e.g., Mazmanian and Sabatier 1989). In their discussion of democratic control of the bureaucracy, students of legislative delegation concentrate on degrees of specificity of legislation (e.g., Epstein and O'Halloran 1999). Evaluation scholars are mostly interested in organizational goals as performance criteria, paying more attention to measurability and tangibility than others (e.g., Feller 2002). Students of decision-making in political science and management have focused on the process and consequences of decision-making activities in complex organizations with multiple goals and interests (e.g., March and Simon 1958; Wildavsky 1979). As such, "ambiguity-like constructs" abound in diverse disciplines but few efforts have been made to clarify the relations among such goal attributes (Chun and Rainey 2005a, p. 2).

4.2.2 Definition and dimensions of goal ambiguity

A systematic approach to the relationship between political salience and goal ambiguity requires overcoming the confusion about what goal ambiguity means. This can be achieved by using clear conceptualization of the construct and its dimensions. For this purpose, the present study draws on Chun and Rainey (2005a). They define organizational goal ambiguity as "the extent to which an organizational goal or set of goals allows leeway for interpretation, when the organizational goal represents the desired future state of the organization" (p. 2). They conceive it as a general concept with multiple dimensions "by treating the level of leeway for interpretation as a higher-order abstraction that includes [seemingly interrelated] goal attributes or dimensions" (p. 2). The dimensions they suggested include directive goal ambiguity, evaluative goal ambiguity, and priority goal ambiguity. These dimensions concern giving directions to organizational activities, assessing organizational performance, and prioritizing organizational tasks, respectively. As the authors note, these conceptions are not completely new

in the goal ambiguity literature. They are systematic reflections of diverse goal attributes that are scattered in diverse fields of study. Daft (2001, p. 55-56) notes that organizational goals serve different purposes such as directing employees, evaluating organizational performance, and setting priorities among multiple tasks to be done. Each of the dimensions Chun and Rainey developed corresponds to these major functions of goals that Daft described, making their dimensions suitable for the purpose of the present study.

4.2.3 Directive goal ambiguity

Directive goal ambiguity refers to “the amount of interpretive leeway available in translating an organization’s mission or general goals into directives and guidelines for specific actions to be taken to accomplish the mission” (Chun and Rainey 2005a, p. 3). Daft (2001, p. 56) notes that a functional aspect of an organizational goal is to provide specific directives or guidance to organizational members. When the goals of an organization fail to serve this function, one may say that these goals are unclear or vague. Directive goal ambiguity, according to Chun and Rainey, concerns the clarity (or vagueness) of goals as directives that guide decisions and actions of organizational members. The tasks and program goals of an administrative agency are typically stated in the form of statutory law (Mashaw, Merrill, and Shane 1998, p. 56). The specificity of statutory language, however, varies from one law to another. Vague statutory terms provide insufficient guidance for crisp implementation of the legislative mandates (Lerner and Wanat 1983; Mazmanian and Sabatier 1989). Faced with unclear statutory mandates, administrative agencies will have high levels of directive goal ambiguity. This dimension of goal ambiguity is closely related to such issues as legislative decisions to delegate, bureaucratic discretion in democratic society, and political control of the

bureaucracy. All of these topics draw much attention in such fields as political science, public administration, and administrative law. Some empirical studies systematically demonstrate that public organizations vary in the degree to which they are given specific directions from their political masters (e.g., Meier 1980; Epstein and O'Halloran 1999; Ringquist, Worsham, and Eisner 2003; Huber and Shipan 2002).

4.2.4. Evaluative goal ambiguity

Evaluative goal ambiguity is defined as “the level of interpretive leeway that an organizational mission allows in evaluating the progress toward the achievement of the mission” (Chun and Rainey 2005a, p. 4). Organizational goals should serve as evaluation criteria for organizational performance (Daft 2001, p. 56; Scott 2003, p. 293). To evaluate the progress toward the achievement of their missions, organizations transform their general goal statements into a set of performance indicators and targets (Grizzle 1982). However, organizations vary widely in the types of performance criteria they select for performance evaluation (Scott 2003, p. 351-353). Evaluative goal ambiguity concerns the degree to which an organization's performance evaluation can be based on objective and valid performance targets. The basic idea of the evaluative goal ambiguity dimension has been seriously discussed in such fields as program evaluation and performance measurement. Some studies have demonstrated that organizations vary in the types of performance measures on which they focus (Poister and Streib 1999; Wang 2002), supporting the argument that organizations differ in the ability to specify performance targets and subject them to objective and valid performance indicators (Gable 1998; Smith 1999).

4.2.5 Priority goal ambiguity

Chun and Rainey define priority goal ambiguity as “the level of interpretive leeway in deciding on priorities among multiple goals” (p. 4). One of the most fundamental challenges that any administrative organization faces is to specify and prioritize its goals and purposes (Simon 1997). Clearly established hierarchical relationships among multiple organizational goals act as guidelines for employ decision making (Daft 2001, p. 55-56). Priority goal ambiguity concerns difficulty in deciding which goals should take precedence over others and in weighting goals according to their relative importance. Both management scholars and political scientists have recognized this phenomenon as a major obstacle in decision-making in complex organizations. The absence of hierarchical arrangement and prioritization for multiple goals increases difficulty in deciding which priorities and goals should take precedence.

4.3 Measuring Goal Ambiguity

Measuring goal ambiguity has been a major challenge in the study of public organizations. Few studies have developed quantified measures of goal ambiguity and tested with large samples the frequent assertion that the lack of goal clarity leads to poor performance in public organizations. Chun and Rainey (2005a) developed quantified measures of these three goal ambiguity dimensions. This section elaborates how each goal ambiguity dimension was measured. Information regarding the validity of each goal ambiguity measure is also provided.

4.3.1 Directive goal ambiguity

This dimension of goal ambiguity concerns the clarity of goals as directives that guide decisions and actions of organizational members. As Mashaw *et al.* (1998, p. 56) note, “Virtually

all agency action begins with a statute.” Faced with vague and unspecific laws that allow multiple interpretations, however, agencies have to issue administrative rules to translate those general laws into specific policy guidelines (Patterson 2001, p. 438; Ripley and Franklin 1991, p. 12). “The rules to laws ratio” (R/L ratio) was used to measure directive goal ambiguity. More ambiguous legislation creates more of a need for rulemaking on the part of administrative agencies. The R/L ratio, in this sense, can be considered an indicator of the degree of vagueness in legislative mandates that affect an administrative agency and its policy activities. This indicator was measured by calculating the ratio of the number of pages of administrative rules the agency issued (as appeared in the Code of Federal Regulation published in 2000) to the number of pages of statutes that the agency administers (as reflected in the U.S. Code published in 2000) ⁶. This method is a replication of the approach Meier (1980) took for measuring agency autonomy, but with a different meaning. ⁷

4.3.2 Evaluative goal ambiguity

This dimension of goal ambiguity is about the difficulty in objectively evaluating progress toward the achievement of organizational goals. Evaluative goal ambiguity of an agency was measured by calculating the proportion of subjective or workload-oriented performance indicators, as opposed to objective *and* results-oriented performance indicators, that were included in its Government Performance and Results Act (GPRA) performance plan released in 1998-1999 or performance report released in 1999-mid-2000. Subjective indicators

⁶ Chun and Rainey (2005a) provide evidence on the convergent validity of the R/L ratio measure. They report a correlation of .29 between the R/L ratio measure and a measure of directive ambiguity concerning budget details which was also developed by Meier (1980). For more information, refer to Chun and Rainey (2005a, p. 13).

⁷ Meier (1980) developed this measure in an effort to measure varying degrees of agency power across agencies in the Department of Agriculture. He posited that more ambiguity in statutes would allow more room for policymaking (i.e., rulemaking) by agency officials. He assumed that more opportunities for policymaking, in turn, would lead to

often allow multiple interpretations, engaging in high levels of controversy. One cannot evaluate the actual progress toward the achievement of organizational mission and goals with information derived only from workload-oriented or process-oriented performance indicators. A similar measure has been employed by Franklin (1999) in her study evaluating strategic planning quality in Arizona state agencies. Each performance indicator as reported in GPRA documents was coded by three independent coders who decided (1) whether it was subjective or objective and (2) whether it was workload-oriented or results-oriented. The coders followed predetermined classification criteria as provided in Appendix B.⁸ The relevance of drawing on GPRA documents for measuring evaluative goal ambiguity is justified in two respects. First, the framers of GPRA explicitly intended to make the management of federal agencies more results-oriented and less process-oriented.⁹ Second, the GPRA requires agencies to use objective and/or quantitative performance indicators for their strategic planning and performance reports. Subjective and descriptive indicators are allowed only when the Office of Management and Budget determines that objective and/or quantitative measures are not available (U.S. OMB 2001). Thus, it will be reasonable to conclude that agencies relying heavily on workload-oriented or subjective performance indicators despite these two explicit GPRA requirements have inherent difficulty in objectively assessing progress toward achieving their missions and

more agency autonomy. The R/L ratio, as used in Chun and Rainey (2005a) and this study, is meant to denote only the degree of legislative ambiguity.

⁸ Considering that the data for this measure was collected through a content analysis method, establishing a high level of intercoder reliability is critical in order to make the data and its interpretation considered valid. Chun and Rainey (2005a, p. 14) reported a high level of intercoder reliability. They randomly selected a subset of agencies (N = 20), and had the second coder independently code the performance indicators of these sample agencies according to the criteria as described in Appendix B. They reported that the evaluative goal ambiguity scores the second coder calculated were highly correlated with theirs ($r = .91$). However, Krippendorff (1980) notes that at least two coders must be used to determine the reliability of the coding scheme. For the present study, a third coder, following the same scheme, coded the performance indicators of twenty sample agencies that were randomly selected and calculated the evaluative goal ambiguity scores for these agencies. The interrater reliability result was very similar to the ones Chun and Rainey reported ($r = .972$).

⁹ For more information about GPRA and its rationale, see Bozeman (2000), p. 58-62.

organizational goals.¹⁰ The appropriateness of using GPRA documents for the purpose of measuring evaluative goal ambiguity is also substantiated by the fact that these documents were utilized for a similar purpose elsewhere. Evaluation of twenty seven federal agencies for one component of management capacity—that is, managing for results—by the Government Performance Project (GPP) and the Federal Performance Project (FPP) has heavily relied on the agency reports prepared as required by the GPRA (Ingraham, Joyce, and Donahue 2003).

4.3.3 Priority goal ambiguity

Priority goal ambiguity refers to the degree of difficulty in deciding on priorities among multiple goals. Two indicators, the number of long-term strategic goals and the number of annual performance targets as reported in GPRA documents, were used for a composite measure of this

¹⁰ Chun and Rainey (2005) also provide evidence of high concurrent validity of the evaluative goal ambiguity measure. For a subset of 24 agencies whose performance plans U.S. GAO had graded on “clarity of intended performance,” the authors report a correlation of .52 ($p < .01$) between the GAO clarity grades (scored so that higher scores mean lower clarity) and the evaluative goal ambiguity scores. In addition, the Mercatus Center published assessments of federal agencies’ GPRA strategic plans. Chun and Rainey report a negative correlation between a results-orientedness measure by the Mercatus Center and the evaluative goal ambiguity scores ($r = -.67, p < .01$). In an additional effort to validate the goal ambiguity measure, the present study drew on the data from the Program Assessment Rating Tool (PART) released in 2003. The PART, according to the Office of the Management and Budget, is “an accountability tool that attempts to determine the strengths and weaknesses of federal programs with a particular focus on the results individual [federal] programs produce” (U.S. OMB 2003, p. 9). The PART has two yes/no questions that are closely related to the concept of evaluative goal ambiguity: (1) Does the program have a limited number of specific, ambitious, *long-term performance goals that focus on outcomes and meaningfully reflect the purpose of the program?*; (2) Does the program have a limited number of *annual performance goals that demonstrate progress toward achieving the long-term goal?* The present study combined the two questions into one index (Min: 0, Max: 2), with higher scores indicating more result-orientation of the program goals. One can reasonably expect that the programs housed in the federal agency with higher evaluative goal ambiguity will have lower index scores. Then, the Pearson correlation coefficient was calculated, for the correlation between this index and the evaluative goal ambiguity scores of the agency where the program was housed. The present study identified 52 federal agencies that were included in its dataset and whose program(s) appeared in the PART dataset at the same time. These agencies had a total of 132 programs. The coefficient was $-.306$, statistically significant at the .0001 level. Considering that the two measures are based on different units (i.e., program vs. agency) and that they are from very independent sources, one can reasonably conclude that this modest but negative correlation provides further support for the validity of the evaluative goal ambiguity measure used in the present study.

dimension of goal ambiguity. The two indicators were standardized into Z-scores, and the verage of the two Z-scores was employed as the priority goal ambiguity score for each agency.¹¹

4.4 Antecedents to Goal Ambiguity in Public Organizations

What influences goal ambiguity in public organizations? The literature on public bureaucracy and public management from several disciplines suggests that a wide variety of factors can affect goal ambiguity. Chun and Rainey (2005a) identified several antecedents to goal ambiguity, showing that different dimensions relate differently to different antecedents. This section provides a summary of their research findings. Drawing on these findings and the relevant literature, a framework for analyzing goal ambiguity is suggested. The present study's potential contribution to a better understanding of the topic is also discussed.

4.4.1 Research findings from the previous research

The antecedent variables that Chun and Rainey (2005a) used in their analysis of organization goal ambiguity include size, age, institutional location, financial publicness (the percentage of financial resources from governmental sources), competing demands from constituencies, policy problem complexity, and type of policy responsibility (i.e., regulatory,

¹¹ Chun and Rainey reported a correlation between those scores and the number of administrative units in the agency that report directly to the agency head ($r = .58, p < .05$). This study conducted an additional test of the convergent validity of this measure. The PART index as introduced in the previous footnote was used for this purpose. As the two questions that comprise the index indicate, this index is informative not only of the degree to which goals of the program of interest are result-oriented but also the degree to which these goals are *limited in number*. This study expected that the programs housed in the federal agency with higher priority goal ambiguity would have lower index scores. The Pearson correlation coefficient was calculated, between this index and the evaluative goal ambiguity of the agency where the program is housed. The coefficient was $-.361$, statistically significant at the $.0001$ level. As explained in the previous footnote, there are fundamental differences in the way these two measures were obtained. Thus, this modest but negative correlation should be considered as providing additional support for the validity of the priority goal ambiguity measure.

hybrid, and non-regulatory).¹² Table 4.1 presents a summary of significant research findings regarding the relationships between these antecedent variables and dimensions of goal ambiguity.

Table 4.1 Antecedents to Goal Ambiguity: Significant Relationships Reported in the Chun and Rainey Study (2005a)

| | Directive Goal Ambiguity | Evaluative Goal Ambiguity | Priority Goal Ambiguity |
|-------------------------------|-----------------------------|------------------------------|----------------------------|
| Financial publicness | + | + | + |
| Age | - | | + |
| Policy problem complexity | + | + | |
| Competing demands | - | | + |
| Non-regulatory responsibility | - | - | + |
| Hybrid responsibility | | - | |
| Size | | | |
| Institutional location | + | + | + |

* Signs (i.e., + and -) denote the direction of the relationship between the two variables.

Chun and Rainey reported that financial publicness was found to be positively associated with all of the three goal ambiguity dimensions. One of the most frequent observations about government organizations as compared to business organizations concerns the “bottom line” for the business organizations, and the availability to them of such indicators as profits and sales; observers typically claim that the absence of such clear performance indicators makes it harder for public organizations to clarify their goals, and hence should increase organizational goal ambiguity. Public organizations vary in financial publicness, however, or the proportion of their financial resources from government allocations, such as budget allocations, as opposed to prices and user charges that customers pay to them for goods and services. Some government agencies, such as

¹² Chapter 7 provides detailed information regarding how each of these antecedent variables was measured.

government corporations, have high levels of financial resources from nongovernmental sources such as user charges, and should have more of the purported clarifying effects of the indicators mentioned above. Hence, higher levels of financial publicness should relate to higher goal ambiguity, and lower levels of financial publicness (i.e., more funding from sales and other nongovernmental sources) should relate to lower goal ambiguity. Chun and Rainey's findings show that federal agencies with higher levels of financial publicness tend to focus their performance evaluation more on inputs or workloads than on objective outcomes and impacts (i.e., higher evaluative goal ambiguity); to issue more rules and directives to control lower levels (i.e., higher directive goal ambiguity); and to have more organizational tasks imposed by external entities or mandates (i.e., higher priority goal ambiguity).

The Chun and Rainey study showed that age was positively related to priority goal ambiguity while the antecedent variable was negatively associated with directive goal ambiguity. The study found that evaluative goal ambiguity showed no relationship, however. Some authors have argued that as agencies age, the political authorities controlling their mandates impose more and more responsibilities on them, thus complicating the older agencies' goals and making them more ambiguous (i.e., higher priority goal ambiguity). Some authors, however, argue for an opposite conclusion, that as agencies age, their leaders and external authorities go through a learning process that sharpens the mandates and directives to an agency, and definitions of the agency's responsibilities, and goal ambiguity should go down (i.e., lower directive goal ambiguity). The Chun and Rainey study support both of the contentions. The patterns of relationships between age and dimensions of goal ambiguity show the validity of the authors' idea that different dimensions of goal ambiguity can relate differently to different antecedents.

In the Chun and Rainey study, policy problem complexity, competing demands, and non-regulatory policy responsibility also showed different patterns of relationships with different goal ambiguity dimensions, suggesting the value of the multidimensional conception of goal ambiguity developed by the authors.

Policy problem complexity was found to be positively associated with two dimensions of goal ambiguity: directive goal ambiguity and evaluative goal ambiguity. Insufficient knowledge about a policy problem makes legislators unable to predict in great detail and specify in advance the behavior of the agency that they make responsible for dealing with the policy issue, increasing directive goal ambiguity. The lack of knowledge about cause and effect relationships makes it difficult for public agencies to specify outcomes for their own programs, leading to more evaluative goal ambiguity for those agencies.

The Chun and Rainey study found that competing demands from multiple constituencies was positively related to priority goal ambiguity, while the antecedent variable was negatively associated with directive goal ambiguity. The need for political compromise among competing interests can expand the goal set of an agency, giving it more diverse goals and performance targets (i.e., more priority goal ambiguity). The negative relationship between competing demands and directive goal ambiguity was interpreted in relation to the empirical measure of the goal ambiguity dimension (i.e., the rules to laws ratio) and public administrators' strategic behavior: the literature on public bureaucracy suggests that, when facing ambiguous statutes, public administrators may think it advantageous to avoid clarifying the statutes by issuing administrative rules because uncertain policy directives often bring more political power (Wilson 1989, p. 330).¹³

¹³ One additional interpretation can be made of the negative relationship between competing demands and directive goal ambiguity. The empirical measure of competing demands, which will be explained more fully in Chapter 7, is

In the Chun and Rainey study, non-regulatory policy responsibility¹⁴ was found to be significantly associated with all of the three goal ambiguity dimensions, but showed different patterns of relationships with different dimensions. Numerous authors observe that regulatory agencies have vague mandates, such as “regulate business in the public interest, convenience, or necessity,” thus suggesting that regulatory agencies have relatively more directive goal ambiguity than agencies with other types of policy responsibilities. Such organizational goals, in addition, are less amenable to direct observation and quantification, making it more difficult for regulatory agencies to use objective and quantitative criteria in agency performance assessment. The finding that regulatory agencies are more likely to have lower levels of priority goal ambiguity was an unexpected result in the Chun and Rainey study. The authors’ interpretation of this result is that a typical regulatory mandate (such as to protect the health and safety of workers) is “general but not inherently as multifaceted and conflicting as a mandate for a non-regulatory or hybridized agency [such as a mandate] both to develop natural resources and to conserve them” (Chun and Rainey 2005a, p. 23).¹⁵

Organizational size and institutional location (location within a cabinet department or status as an independent agency—i.e., outside a cabinet department) were employed mainly as control variables in the Chun and Rainey study. As Table 4.1 indicates, size was found to have

the count of the number of interest groups that testified concerning programs of the agency at the House Appropriations Committee hearings. Meier (2000, p. 77), however, conceives these interest groups as agency clientele, implying that this measure can be also considered as an indicator of the degree to which the agency is involved in distributive politics or clientele politics. He reports that all of the top ten clientele agencies of the federal government are distributive policy bureaus (p. 94). Considering that legislators tend to be very specific about distributive programs, the negative relationship reported in the Chun and Rainey study is not surprising.

¹⁴ As explained in Chapter 7, agencies were classified into one of the three categories: agencies with regulatory responsibilities, agencies without regulatory responsibilities, and “hybrid” agencies that have both regulatory and non-regulatory responsibilities. Regulatory policy responsibility was used as a reference group in the multivariate analyses.

¹⁵ Another interpretation for this result is that regulatory agencies, compared to other types of agencies, have lower levels of organizational capacity to deal with multiple goals. According to Meier (2000, p. 78), for example, average regulatory agencies have much lower budget to personnel ratio than any other type of agency. The budget of the

significant relationships with none of the goal ambiguity dimensions. The relationship between institutional location and each goal ambiguity dimension was investigated without a hypothesis. The results, however, showed that institutional location was significantly and positively associated with all of the three goal ambiguity dimensions.

4.4.2 A framework for analyzing organizational goal ambiguity

As explained above, Chun and Rainey identified a diverse array of factors that affect goal ambiguity in public organizations. The literature on public bureaucracy, however, suggests that the scope of antecedents to organizational goal ambiguity is broader than the one examined in the Chun and Rainey study. A comprehensive review of the relevant literature, combined with the research findings from the Chun and Rainey study, identifies a series of groups of factors that can affect goal ambiguity in government organizations. These factors are displayed in Figure 4.1.

Figure 4.1 suggests that a framework can be constructed for theorizing about organizational goal ambiguity and analyzing it. The various antecedents to goal ambiguity, as identified by the Chun and Rainey study and by a literature review, can be organized into three components: organizational characteristics, external environmental influences, and managerial actions and influences. Organizational goal ambiguity can be formulated as follows:

$$\text{Organizational goal ambiguity} = f(\text{OC} + \text{EEI} + \text{MAI})$$

Where,

OC = Organizational Characteristics

EEI = External Environmental Influences

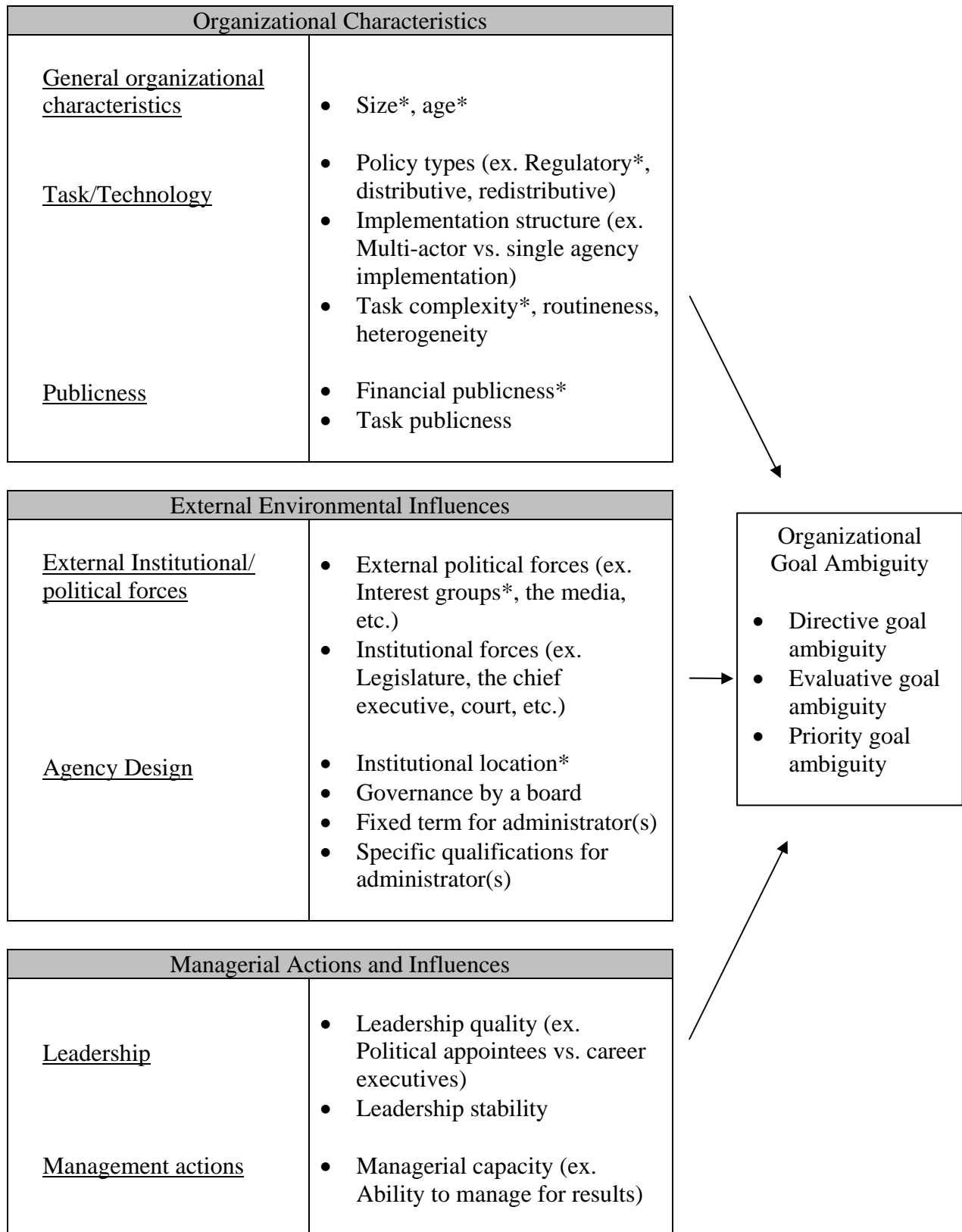
MAI = Managerial Actions and Influences

average regulatory agency is “barely enough to cover salaries and administrative costs,” (p. 78) indicating that the agency has little resources that can be used for pursuing additional tasks.

This framework is oversimplified in various ways, but provides some conceptual organization for the obvious points that an organization's goals will be influenced by the organization's characteristics, external environmental influences on the organization, and the impact of leadership and management actions within the organization. A look at Figure 4.1 clearly indicates that EEI and MAI were underrepresented in the Chun and Rainey study. The antecedent variables in their analysis were mostly subcomponents of OC. Their study includes only one EEI subcomponent—i.e., competing demands—and contains no subcomponent of MAI.

As suggested by the framework, external influences should also affect the goals of organizations. Scholars and experienced practitioners often claim that government organizations are subject to particularly strong external influences from political and institutional sources, such as interest groups seeking to influence them, from chief executives and legislative bodies that have the authority over their mandates and usually over their financial resources, from the judicial branch, and from the media and public opinion. These external environmental influences are clearly underrepresented in the previous study, and this component of the framework needs to be elaborated.

No representation of MAI in the Chun and Rainey study also shows the need for its further elaboration. The actions and decisions of managers in an organization play a role in clarifying an organization's goals, or failing to do so. Leaders can lead strategic planning initiatives that seek to clarify the organization's mission and goals. They can engage in active communication processes that clarify purposes. Experts on leadership often argue that one of a leader's primary functions involves clarifying purpose and objectives. These clarifying responsibilities need not reside in one person, or in a small group of higher executives in organizations. Higher level leaders can organize participative processes involving managers and



* denotes the variables that were included in the Chun and Rainey study (2005a).

Figure 4.1 Factors Affecting Goal Ambiguity in Public Organizations

employees from all levels, in goal clarifying initiatives such as strategic planning or other planning and decision-making processes. A strong cadre or corps of managers throughout the organization can contribute to goal clarification in general. The MAI component clearly needs to be better represented in the framework, and in research and analysis.

4.4.3 Improving the analysis of organizational goal ambiguity

This study seeks to improve our understanding of organizational goal ambiguity by extending the set of antecedents to goal ambiguity to better represent external environmental influences (EEI) and managerial actions and influences (MAI). Table 4.2 shows the factors that are included in the analysis of organizational goal ambiguity.

The present study provides a better representation of the EEI component by including four different types of political salience (i.e., congressional salience, presidential salience, media salience, and overall salience) as additional subcomponents of EEI. Chapter 5 will discuss how political salience affects dimensions of goal ambiguity. This study also considers four insulating structures in the analysis of goal ambiguity to investigate how the impact of the external political influences (i.e., presidential salience and congressional salience) on goal ambiguity is conditioned by these insulating structures. Chapter 6 will deal with this issue.

This study also attempts to improve the analysis of organizational goal ambiguity by incorporating one MAI subcomponent into the analysis of goal ambiguity: managerial capacity. Managerial capacity refers to the management resources that can be utilized for management activities that are related to clarifying organizational goals.¹⁶ Organizations can pursue the clarity of purpose through managerial activities such as strategic planning and performance

¹⁶ Chapter 7 provides more detailed information regarding this MAI subcomponent.

management. Significant variations exist among government agencies, however, in the capacity for effectively implementing these management activities (Moynihan 2006).

In the previous analysis of organizational goal ambiguity, organizational characteristics (OC) were better represented than the other two components. This study further elaborates this OC component by adding one additional organizational technology dimension: routineness. This dimension of organizational technology concerns the degree to which organizational tasks are analyzable and standardized. Because routine tasks are often subject to direct observation and quantification, organizations with higher portion of such tasks will have less difficulty in objectively assessing the progress toward the achievement of their mission and goals.

In summary, this chapter has explicated organizational goal ambiguity and its dimensions, which will serve as dependent variables in this study. Building on the previous research and the broad literature on public bureaucracy, a framework for analyzing goal ambiguity was suggested for a better understanding of goal ambiguity in public organizations. The next chapter develops hypotheses about relations between political salience and the goal ambiguity dimensions introduced in this chapter. It draws on a diverse array of relevant literatures, ranging from public administration, political science, public policy, organizational theory, and so forth.

Table 4.2 Antecedent Variables Included in the Present Study

| | Antecedents to Goal Ambiguity | |
|---|---|---|
| | Chun and Rainey (2005a) | Newly Added |
| Organizational Characteristics <u>General organizational characteristics</u> <u>Policy process</u> <u>Publicness</u> <u>Organizational Technology</u> | <ul style="list-style-type: none"> • Size, Age • Regulatory policy responsibility • Financial publicness • Complexity | <ul style="list-style-type: none"> • Routineness |
| External Environmental Influences <u>External Institutional/political forces</u> <u>Structural Insulation*</u> | <ul style="list-style-type: none"> • Competing demands from constituencies • Institutional location | <ul style="list-style-type: none"> • Congressional salience • Presidential Salience • Media salience • Overall Salience • Governance by a board • Fixed term for administrator(s) • Specific qualifications for administrator(s) |
| Managerial Actions and Influences <u>Resources</u> | | <ul style="list-style-type: none"> • Managerial capacity |

* indicates indirect influence on goal ambiguity. In this study's goal ambiguity framework, structural insulation is hypothesized to moderate the impact of external institutional forces (i.e., congressional salience and presidential salience) on goal ambiguity.

CHAPTER 5

POLITICAL SALIENCE AND GOAL AMBIGUITY

The present study has defined political salience of a government agency as the level of attention that external entities with political power and authority devote to the agency. As explained in Chapter 3, the present study assumes that the more attention one of the political actors with power and authority devotes to an agency, the more likely the actor will influence or seek to influence that agency. This study attempts to explore how political salience affects public organizations, concentrating on its effect on dimensions of goal ambiguity. The discussion of political salience focuses on three entities: Congress, the president, and the media. The present study also considers how dimensions of goal ambiguity are affected by political salience at the overall level.¹⁷

5.1 Salience to Congress

Congress has three different roles that affect federal agencies: making laws and policies, conducting oversight, and providing constituency services (Derthick 1990). When an agency is

¹⁷ This study has not developed hypotheses about the relationships between directive goal ambiguity and political salience at the individual actor level. The present study expects that directive ambiguity—i.e., vagueness in statutes—will be affected not by the influence attempt by a single political actor but by the dynamics in the interaction among multiple political actors. The literature on legislative delegation, for example, considers the divergence between the preferences of the legislature and those of the executive as a primary determinant of delegation decisions (e.g., Epstein and O'Halloran 1999; Franchino 2004; Volden 2002). One frequently employed indicator of such interbranch conflict is divided government (i.e., the president from one party and Congress from the other). More fundamentally, the political system of the United States does not allow the dominance of any one political actor in the legislation process. Even Congress, the political institution responsible for legislation, cannot do this. The pluralistic norm embedded in this system makes it practically impossible for Congress to create a law ignoring the presence of other major political actors such as the president. Thus, the discussion of the relationship

closely related to one or more of these congressional tasks, the agency engages congressional attention and then the agency becomes salient to Congress. The Social Security Administration (SSA), for example, attracts a high level of attention from Congress because many congressional members who are concerned about constituency services find it important to conduct oversight of the agency's programs, such as retirement programs. For brevity, this study will refer to salience to congress as *congressional salience*.

How does salience to Congress affect the goal ambiguity of a federal agency?

Congressional salience should be positively related to evaluative goal ambiguity. Scholars and experts usually characterize Congress as disorganized and fragmented. Congressional authority is decentralized and shared among individual legislators, among committees and subcommittees, and among the two chambers (West 1995). One can conceive Congress as a conglomerate composed of numerous entities that represent different sets of interests. It has "multiple personalities as a policymaker" (LeLoup and Shull 2003, p. 81), and the signals from the Hill often mutually compete and conflict with each other. For public managers, these multiple demands from political stakeholders with diverse interests make it politically rational "to develop consensus around means and resources while never agreeing upon, much less measuring, ends" (Bozeman 2000, p. 61). In such circumstances, federal agencies and managers will tend to focus their evaluation efforts on faithful adherence to proper procedures and compliance with rules as opposed to clear, specific outcomes (Barton 1980, p. 29-30; Lynn 1981, p. 78-79; Meyer 1979, p. 200-201; Rainey 2003, p. 133; Warwick 1975, p. 84-86).

In addition, many congressional policy decisions involve considerations about democratic and constitutional values (LeLoup and Shull 2003; Rosenbloom 2001; Van Horn, Baumer, and

between political salience and directive goal ambiguity should be focused on the overall level rather than on individual level.

Gormley 2001). Rosenbloom (2001, p. 776) notes that even the Government Performance and Results Act (GPRA), which is one of Congress's more results-oriented administrative laws, explicitly requires the administrative agencies to ensure democratic values in pursuing result-oriented management. Many values of democratic, constitutional government evade easy measurement and objective evaluation. Those values also tend to be process-oriented rather than result-oriented.

Still another influence comes from congressional micromanagement, which leads to more rule-oriented management of federal agencies. Congress has increased the intensity of oversight activities over recent decades (West 1995). More efforts at control impose more rules on administrative agencies (Bozeman 2000). In effect, Congress increasingly devises elaborate and detailed rules and imposes them on the federal agencies (Wilson 1989). With more rules and procedures to follow, the federal agencies and their managers have a strong incentive to shift their attention from mission to these contextual goals since "outcomes are often uncertain, delayed, and controversial; procedures are known, immediate, and defined by law or rule" (Wilson 1989, p. 131).

Congressional salience should also increase priority goal ambiguity. First, the fragmented and decentralized nature of Congress inhibits its ability to pursue coherent goals. Different policymaking entities in Congress pursue different goals with no strong central authority to settle differences among them. Their competing perspectives provide administrative agencies with no clear indication of which perspective should take precedence (Sundquist 1981; West 1995). Agencies typically have to accommodate these conflicting perspectives because legislative control cannot be lightly dismissed (Gormley 1989, p. 200-201).

Second, Congress affects the decision-making of federal agencies through various forms of constituency service (Derthick 1990; Rosenbloom 2001). Congressional members have a strong incentive to intervene in the agency decision-making in a manner consistent with their district and constituency interests. Acting on behalf of their constituency and district interests can be understood as fulfilling a legitimate representational role (Rosenbloom 2001). Thus, the administrative agencies cannot ignore demands from congressional members. Demands often are added to the list of the tasks the agencies have to take care of, enlarging the number and scope of the agencies' priorities.

Third, different congressional roles often collide, causing administrative agencies confusion about what should be considered as more important. Members of the Congress often attempt to revise a law, responding to the appeals and complaints raised by individual constituents (Derthick 1990; Knott and Miller 1987). The agencies must pay attention to both the existing mandates and the changes that might occur in the future, uncertain about what should take precedence.

H1: Federal agencies with higher degrees of congressional salience will have higher degrees of evaluative goal ambiguity.

H2: Federal agencies with higher degrees of congressional salience will have higher degrees of priority goal ambiguity.

5.2 Salience to the President

The president performs two primary roles in relation to federal agencies: policymaking and supervising (Derthick 1990; West 1995). When a federal agency is closely related to performing these presidential roles and thus engages presidential attention, the agency is salient to the president. The Department of State, for example, attracts a high level of attention from the president because many of the agency's activities are related to state diplomacy or security,

which are among the president's primary policy concerns. Saliency to the president is expected to have an impact on the agency since presidential attention is a purposeful action and is accompanied by the power and authorities of the presidency. For brevity, the present study will refer to saliency to the president as *presidential saliency*.

Then, how does saliency to the president affect dimensions of goal ambiguity in federal agencies? Presidential saliency should be positively correlated with evaluative goal ambiguity. First, the directives that federal agencies receive from the president tend to be ambiguous or symbolic (Behn 1998). As the sole political authority elected at the national level, the president is accountable to numerous, often conflicting constituencies (West 1995). West notes that "concessions to party factions, agency clientele, influential legislators, and other conflicting interests are important means by which presidents seek to build and maintain the majority coalitions needed for success in office" (p. 114). The need for such concession and coalition building makes it politically rational for the president to be less specific about his or her policy goals or to engage in symbolic exercises. Absence of clear directions for agency management causes public managers confusion about what policy outcomes or results they seek to pursue. Uncertainty about the desired outcomes or results leads the managers to focus their evaluation efforts on inputs and procedural rules. Putting more weight on inputs and rules is a much safer and more rational response than doing otherwise (Knott and Miller 1987, p. 110; Wilson 1989). One can reasonably expect that agencies receiving more presidential directives will have more difficulty in assessing progress towards the achievement of their mission.

Second, policy questions that the president seeks to answer often involve high levels of controversy. According to Lynn (1987), different actors in the policymaking process pursue different types of questions. The president is a major participant in the debates on such

fundamental issues as “the right thing to do, philosophies of government and the fundamental responsibilities of our institutions, what kind of nation and society we should be, social justice and our basic principles” (p. 57). These policy issues typically entail intense controversy. The controversies make it difficult for the president to state objectives clearly, and to specify them to the administrative agencies.

Third, as a supervisor of the federal agencies, the president seeks to control the actions of federal agencies to conform to his or her directives. This often involves imposing more rules and clearance requirements rather than giving more managerial autonomy to the agencies.¹⁸ This tendency is reinforced by the fact that the president is in competition with Congress for the control of the agencies. The chief executive has a strong incentive to hold a tight rein on the management of the agencies salient to him or her. Federal agencies more salient to the president will thus have more rules to comply with. Management of the agencies with more rule compliance requirements becomes more driven by the constraints rather than by their missions and tasks (Bozeman 2000 p. 90-92; Knott and Miller 1987, p. 110; Wilson 1989, p. 131).

Presidential salience should also be positively correlated with priority goal ambiguity. When a federal agency is closely related to the implementation of a presidential policy initiative, the agency’s priority setting is strongly affected by the initiative. Whitford and Yates (2003) showed that the priorities of the federal agencies are affected by the policy priority signals the president sends through public rhetoric. In their study of the U.S. Attorneys’ implementation of the “War on Drugs” pursued by Reagan and Bush, they found evidence that the Attorneys’ offices reacted to the presidential signal by altering the composition of their caseload. However, through such actions as presidential directives and executive orders, presidents tend not to

¹⁸ The Office of Management and Budget (OMB) has been the primary medium for controlling the bureaucracy in a way to promote the president’s political agendas (Heclo 1977; West 1995, p. 107).

sharpen and focus the goals of agencies, but rather to add priorities and requirements that often conflict with existing ones. Derthick (1990, p. 60-67), drawing on the case of Social Security Administration (SSA), argues that goals and priorities promoted from outside the agency tend to be more incompatible with existing missions compared to the ones promoted from inside, since politicians often ignore administrative feasibility. She observed that the new missions the president imposed on SSA, which did not have sufficient resources and capacity for the implementation of the new missions, caused the agency significant confusion about what its priorities should be. Cooper (1996, p. 124) also points out that policy initiatives of the president such as executive orders can lead to conflict with other goals and tasks for the agency. Charles Rossotti's (2005, p. 45) experience as Commissioner of the Internal Revenue Service (IRS) illustrates the complicating influence effect that presidential attention can give on an agency's goals:

One morning I picked up the *Washington Post* and read a story that the White House was planning to appoint thirty-three citizens' panels, one for each IRS district, to be watchdogs over the IRS. No one at the Treasury Department or the IRS had ever been informed about his proposal before it was announced, and the White House had no idea what these panels were supposed to do. It was just a way to steal a headline, while leaving the IRS to figure out how to handle the years of complex and controversial issues that were sure to follow from it.

H3: Federal agencies with higher degrees of presidential salience will have higher degrees of evaluative goal ambiguity.

H4: Federal agencies with higher degrees of presidential salience will have higher degrees of priority goal ambiguity.

5.3 Salience to the Media

The media affect public opinion (Erbring, Goldenberg, and Miller 1980; Funkhouser 1973; Katz 1987; McCombs and Estrada 1997; Miller, Goldenberg, and Erbring, 1979; Kingdon 1995). The power of the media mainly comes from their ability to influence public opinion, and

this ability makes them intermediaries between the public and elected officials, influencing public policy directly or indirectly (Van Horn, Baumer, and Gormley 2001). A public agency becomes salient to the media when they consider newsworthy either the agency itself or a policy issue closely related to it. Media attention to the agency will influence it because (1) the media themselves often have a direct impact on policy shaping (Stillman 2004, p. 94; Van Horn, Baumer, and Gormley 2001, p. 243-245) and (2) they have the ability to affect the public and policymaking institutions, all of which have influence on public agencies. How, then, does salience to the media affect goal ambiguity levels in federal agencies? The present study will refer to salience to the media as *media salience*, for brevity.

Media salience should have a positive relationship with evaluative goal ambiguity. Since increasing the size of their audiences is critical for the media, they have a strong incentive to invest their resources in controversial issues that can draw public attention. The media often expand “the scope of conflict,” in Schattschneider’s (1960) term, for this purpose. They also have the ability to “elevate issues that are initially of interest to a few to issues that concern a broader public” (Van Horn, Baumer, and Gormley 2001, p. 241). The controversial issues typically involve conflicts among values that are incompatible and competing with each other. Faced with a policy problem that has become controversial by media coverage, a federal agency will have difficulty in specifying what outcomes or results it will pursue in dealing with this policy problem.

Media salience should be positively associated with priority goal ambiguity. The media can enhance the significance of the issues they cover. This pressures an agency to consider seriously those issues as priorities, whether or not they were already included in the agency’s agenda (Radin 2002; Stillman 2004, p. 94). “Crises are a function of publicity” (Sigal 1973, p.

185), and “the media’s ability to create a mood of urgency and demands for action” (Van Horn, Baumer, and Gormley 2001, p. 244) significantly affect the agenda of the agency and its officials. Due to the urgency created by the media, the agency may have new missions or have existing ones changed. These newly added or changed priorities may conflict with existing ones.

H5: Federal agencies with higher degrees of media salience will have higher degrees of evaluative goal ambiguity.

H6: Federal agencies with higher degrees of media salience will have higher degrees of priority goal ambiguity.

5.4 Overall Political Salience

The preceding sections have developed hypotheses about how dimensions of goal ambiguity are correlated with political salience at the individual actor level. Political salience of a public agency, however, should be considered not only at the individual actor level but also at the overall level. The complexity inherent in the system of government makes administrative agencies subject to multiple sources of influence simultaneously (Pitt and Smith 1981). The literature on political control of the bureaucracy in political science focuses on the dyadic relationships between the bureaucracy and each of its political masters (Krause 1996; Hammond and Knott 1996). This approach has been criticized for its insufficient attention to the political realities in which multiple political actors compete for the stronger influence on the bureaucracy. The American political system’s separation of powers and checks and balances do not allow one specific political actor to dominate the bureaucracy. Under this system, “the more the agency does [as a result of the influence exerted by one political actor], the more attention it is likely to get from other actors and the more opportunities arise for them to involve themselves in its activity” (Derthick 1990, p. 130). West (1995, p. 123) points out, for example, that presidential attempts to influence administrative agencies often result from the president’s disagreement with

Congress over the desired policy directions of the agencies. Thus, looking at overall political salience is critical for understanding the impact of the political environment on public management. How are dimensions of goal ambiguity in federal agencies affected by their overall political salience?

Overall political salience should be positively correlated with directive goal ambiguity. A federal agency has a high level of overall political salience when it draws a high level of attention from a diverse array of political stakeholders. They differ over what the agency should do because they have conflicting incentive structures. Table 5.1 compares incentive structures of different actors. When the conflict is intense, political compromise becomes inevitable. Political compromise often leads to vague mandates to the agency (Gortner, Mahler, and Nicholson 1997, p. 36-38; Lowi 1979, p. 124-125; Ring and Perry 1985; Sharkansky 1999, p. 9-18), hence increasing directive goal ambiguity.

Table 5.1 Comparing Different Incentive Structures

| | Constituency/Policy Target | Primary Goal |
|-----------|-----------------------------------|------------------------------------|
| Congress | Individual districts (or states) | Securing particularistic interests |
| President | National | Coordinating |
| Media | Audience | Generating profits |
| Agency | Specific clientele (or functions) | Achieving agency mission |

Overall political salience is also likely to be positively correlated with evaluative goal ambiguity. First, multiple stakeholders of a federal agency represent different constituencies and have differing perspectives on what constitutes performance for the agency. Surrounded by

competing perceptions regarding what should be the desired outcomes or results, the federal agency often has to avoid explicitly defining goals to evade conflicts among different stakeholders (Sharkansky 1982). Having no clear outcomes or results that guide evaluation efforts, managers tend to focus their evaluation efforts on faithful adherence to proper procedures and compliance with rules (Barton 1980, p. 29-30; Dahl and Lindblom 1953; Lynn 1981, p. 78-79; Meyer 1979, p. 200-201; Rainey 2003, p. 133; Warwick 1975, p. 84-86).

Second, it should also be noted that, under the separation of powers system, the presence of multiple masters may mean more constraints for federal agencies. The system leads to a “tug-of-war.” One political institution’s efforts at control tend to invite another institution’s countermove to those efforts (Whitford 2005, p. 29). Control inherently leads to elaborate controls because “controls multiply requirements for review of proposed decisions [and] increase redtape” (Fesler 1980, p. 312). This problem can be exacerbated “when the quest for control multiplies widely among various actors in the policymaking process” (Yates 1982, p. 154). Thus, federal agencies that attract attention from multiple principals will have more constraints imposed on them, and their management and performance evaluation will be more focused on meeting those constraints rather than on outcomes.

Priority goal ambiguity should be positively affected by overall political salience. Multiple political masters impose separate guidance and instructions. Political stakeholders with different roles and incentive structures have different expectations for a federal agency (Pitt and Smith 1981). “Each principal is effectively in competition with the others in his efforts to exert control, while the bureau, on the receiving end of all this, must contend with uncoordinated and often conflicting demands, requirements, and incentives” (Moe 1984, p. 768). Thus, federal agencies under the influence of multiple stakeholders often receive conflicting, uncoordinated

cues (Derthick 1990; Moe 1984; Roberts 1993). They often have to accommodate a variety of goals imposed by political masters (Roberts 1993).

H7: Federal agencies with higher degrees of overall political salience will have higher degrees of directive goal ambiguity.

H8: Federal agencies with higher degrees of overall political salience will have higher degrees of evaluative goal ambiguity.

H9: Federal agencies with higher degrees of overall political salience will have higher degrees of priority goal ambiguity.

CHAPTER 6

STRUCTURAL INSULATION

Scholars have shown a tendency to emphasize similarities among public agencies. More and more studies, however, have reported differences among them in structural characteristics, autonomy, agency culture, and employee values, indicating the need to avoid oversimplifications and gear our research toward more sophisticated analysis of the variations among them (e.g., Hood and Dunshire 1981; Meier 2000, p. 69-102; Rainey 1993; Stillman 2004, p. 68-73). This study attempts to meet this need by exploring variations in the political environments in which public organizations and managers perform their tasks.

This chapter considers the intervening factors that may affect the relationships between political salience and public agencies. Scholars have suggested that the influence of the political environment on public agencies can be conditioned by organizational contingencies (e.g., Krause 1994; Lewis 2004; Moe 1989). Thus, a more complete understanding of how the political environment affects public agencies requires taking organizational factors into account. For this purpose, this section concentrates on agency design, as reflected in structural characteristics that purportedly insulate public organizations from political influences. Public agencies vary in the degree to which they are structurally insulated from their political environments. Lewis notes, “Agency design determines ... the degree to which current and future political actors can change the direction of public policy by nonlegislative means. Some structural arrangements allow more control by political actors than others” (2003, p. 3). This study analyzes this argument that

structurally insulated agencies are less susceptible to external political influences. It analyzes whether and how the impact of political salience varies depending on the differences in insulating characteristics among the agencies. The following section presents a definition of structural insulation through a review of the literature, identifies insulating structures commonly found in public organizations, and develops hypotheses regarding how these structures affect dimensions of goal ambiguity in federal agencies.

6.1 Defining Structural Insulation

What is structural insulation? A working definition of it can be derived through attention to a related concept, “independence.” Students of public administration and bureaucratic politics have discussed the concept of independence primarily in relation to the issues of administrative reform and the accountability relationship between the bureaucracy and its political principals (Bernstein 1955, p. 130; Fesler 1942, p. 69; Fisher 1998, p. 153; Knott and Miller 1987, p. 51-52; Meier 2000, p. 22-23; Redford 1952, p. 275-83; Simon, Thompson, and Smithburg 1991, p. 266). Simon *et al.* define the concept, “self-containment,” as a condition in which an organization has all resources it needs for accomplishing its work, without being subjected to externally imposed standards in such fields as personnel, budgeting, accounting, and purchasing (1991, p. 266). Bernstein conceives independence as freedom from the influence of the president, and provides three definitions of it: “location outside an executive department; some measure of independence from supervision by the president or by a Cabinet secretary; immunity from the president’s discretionary power to remove members of independent commissions from office” (1955, p. 130). At the state level, independence can also mean “independence of control by the governor and legislature, independence of control by utility companies, and independence in the

sense of integrity and impartiality” (Fesler 1942, p. 69; Mitnick 1980). The Hoover Commission of 1947 identified major purposes of creating independent commissions: resistance to pressures; collective policy formulation; expertness; and continuity of policy (Pritchett 1947, p. 982).

Though approached in different ways, several important dimensions can be extracted from these definitions: (1) being free from the pressures from principals; (2) being free from the influence of the regulated industries; and (3) self-sufficiency in resources and purposes. A public organization, then, can be said to be structurally insulated when it has one or more of these dimensions as part of its enduring structure. Thus, this study defines *structural insulation* of a public agency as a condition of having agency design with characteristics that insulate it from political influences.

6.2 Insulating Structures

What are the design characteristics that are usually employed for insulation from political pressures when politicians create a new agency? Structural characteristics that typical independent regulatory commissions possess are usually understood as serving insulation purposes (Fisher 1998, p. 153; Lewis 2003, p. 44-49; Mitnick 1980, p. 69-71; Simon, Thompson, and Smithburg 1991, p. 557). They are located outside the existing departments, with no bureaucratic layers above them¹⁹; they are headed by a board or commission with plural members whose terms are fixed and, in many cases, staggered; these members are selected on the basis of specific qualifications and skills. Thus, a public agency can be said to be structurally insulated when it has one or more of the following characteristics: (1) location outside the cabinet; (2) governance by a board or commission; (3) fixed term(s) for the agency head(s); and

(4) selection of the board based on specific qualifications. These features are the most commonly employed for the insulation of newly created agencies (Lewis 2003, p. 44-49).

Public agencies vary in the degree to which they have these insulating characteristics. Decisions regarding how much insulation a newly created agency should have, however, have not followed a well-established body of theory (Arnold 1995; Fox 1997; Lewis 2003; Mashaw, Merrill, and Shane 1998; Meier 2000; Seidman 1998). The choice of organizational structure has been driven largely by a combination of political, economic, social, and other forces at a given time (Seidman 1998, p. 161). The congressional decision in 1995 to return the Social Security Administration to its initial independent status illustrates this point (Mashaw, Merrill, and Shane 1998). Some recent empirical efforts at discovering the causes of insulation have found that political factors and rationales are significant predictors for various types of agency insulation decisions (Lewis 2003; Wood and Bohte 2004)²⁰.

Though not determined by a rational plan based on sound theories, decisions regarding agency design are critical in determining who exerts power over the agencies (Seidman 1998, p. 17). Seidman points out that design decisions have significant implications for “the distribution and balance of power between the executive branch [and] Congress” (p. 13) because “the means can matter as much as the ends; they often matter more” (Neustadt 1960, p. 47). A recent study has shown that congressional decisions to insulate agencies have important consequences for presidential management of the executive branch (Lewis 2004). Lewis reports that agencies insulated from presidential direction are more durable than other agencies. He argues that the

¹⁹ Knott and Miller (1987, p. 51-52) argue that the Progressives, who pursued separation of administration from partisan politics in the early twentieth century, provided an ideological justification for the existence of an administrative agency outside the cabinet-departments.

²⁰ These studies commonly identified divided party control of government as an important cause of legislators’ efforts at insulating newly created administrative agencies. Divided government leads to active pursuit of the congressional agenda (LeLoup and Shull 2003).

persistence and accumulation of insulated agencies leads to fragmentation in administration, and this is a tremendous challenge for a modern president who has the responsibility for effectively coordinating the administrative state. Insulating structures are mainly instituted to insulate newly created agencies from presidential control, but they also diminish the ability of Congress to exert control over the agencies, however, although to a lesser degree (Lewis 2003, p. 48). A congressional decision to insulate an agency is in a sense to tie its own hands; “Once tied, they are not easily untied” (Wilson 1989, p. 239).

The next step is to see whether these insulating structures perform as the literature suggests. The following section explores whether the impacts of political salience on goal ambiguity in federal agencies are conditioned by insulating structures.

6.3 Insulating Structures and Political Transaction Costs

The four insulating structures introduced in the previous section are the products of “the desire to limit the president’s influences over the development and implementation of administrative policy” (Mashaw, Merrill, and Shane 1998, p. 27). How does each of these structures insulate agencies from presidential influence?

First, independence in the form of location outside the cabinet (i.e., independent agency status) often provides independent agencies managerial advantages that can help them increase their level of autonomy from the president. The institutional location of an agency can affect the degree to which an administrative agency accommodates the input or interests of the president in its decision making activities (West 1995). Placed in a position of greater prominence and visibility, independent agencies are more likely to garner external support, which gives them more capacity to protect and develop their programs (Lewis 2003; Sharkansky 1982). Since they

have no layers of administrative superiors over them, independent agencies are protected from the pressures of executive departments that often constrain other types of agencies (Lewis 2003, p. 46). Some research provides empirical evidence of the effectiveness of independent location. Wood and Waterman (1994), in their study of several federal regulatory agencies, found that executive agencies are more likely to be influenced by presidential control efforts than independent agencies. Furlong (1998) reported that public managers in an independent regulatory agency perceived lower levels of presidential influence than those in executive agencies.

Second, insulating effects of the other three structural features – governance by a board or commission, fixed term for the agency head(s), and selection of the board based on specific qualifications – can be approached through using the concept of political transaction costs (Lewis 2003, p. 46-48). According to Wood and Bohte (2004), political transaction costs are “those costs associated with monitoring and maintaining the principal-agent contract with the administrative agency ... They include the difficulty of obtaining information about agency activities, the difficulty of intruding into agency process, and the difficulty of generally altering agency policy” (p. 183). A board or commission structure with multiple executives increases the political transaction costs of presidential efforts to control agencies because the president has to influence more than one executive. One can easily expect that, for the president, it will be much less troublesome to influence an agency headed by a single administrator than to influence a multimember body. Giving fixed terms for agency heads also insulates them from presidential control since they can be removed only due to causes specified in law, increasing the political transaction costs for the president. It is not difficult to expect that agency heads with fixed terms will be less subject to presidential influence compared to agency heads with no such privileges.

Imposing specific qualifications for the appointments of agency heads can also be approached from the political transaction costs perspective. The party-balancing requirement on a typical regulatory commission or board, for example, increases the political transaction costs for the president since he or she has to influence both Republican and Democratic members to change the policy direction of the agency. “The more insulated the bureaucracy’s structure and process is from politics, the higher the political transaction costs that must be paid to affect policy and administration” (Wood and Bohte 2004, p. 183).

6.4 Insulating Structures and Priority Goal Ambiguity

These structural characteristics, then, should moderate the impact of presidential salience on goal ambiguity in federal agencies. Among the dimensions of goal ambiguity, this study focused on priority goal ambiguity because the political transaction costs theory suggests that the insulating structures should be more closely related to this specific dimension of goal ambiguity than on other dimensions. Why is this the case?

The enacting coalition that creates a new agency want the agency to keep producing policy outputs that it prefers (Lewis 2003, p. 9; Moe 1989; Wood and Bohte 2004). The political transaction costs theory posits that “the enacting coalition attempts to strategically manipulate administrative design attributes and therefore political transaction costs for future coalitions seeking to affect agency policy” (Wood and Bohte 2004, p. 176). This theory implies that insulating structures are structural characteristics that the enacting coalition can adopt in designing a new agency in order to increase transaction costs for future coalitions to change the direction of the agency policy or goals. That is, the primary purpose of choosing insulating structures is to protect the agency from political pressure to change the content and direction of

agency policy goals. This point is empirically supported by the research findings that decisions regarding insulating new agencies are largely driven by political considerations such as executive-legislative conflict (Lewis 2003, p. 58-68; Wood and Bohte 2004). Here, one can reasonably think that insulating structures seem to be more about protecting the agency from having imposed on it more mandates or requirements that may be at odds with the agency's existing goal set (i.e., priority goal ambiguity) than about making more vague or clarifying the agency's goals (i.e., directive goal ambiguity and evaluative goal ambiguity).

One frequently repeated observation about public agencies asserts that they often have goals imposed from the external entities in hierarchical relationships with them (Derthick 1990; Kaufman 1981; Rainey 2003; Wilson 1989). Hierarchical relationships are "a channel by which the values of important external groups make themselves felt in administrative decisions" (Simon, Thompson, and Smithburg 1991, p. 534). Public agencies often have to deal not only with their existing goals but also with the goals thrust on them in the hierarchical relationships with their external political authorities. As introduced earlier, priority goal ambiguity concerns problems or difficulties in prioritizing goals or establishing a hierarchy of them. The primary purpose of buffering federal agencies with insulating structures is to weaken the hierarchical relationships between the president and the agencies. Then, the four insulating structures should moderate the impact of presidential salience on priority goal ambiguity in federal agencies.

H10: Location outside the cabinet departments will moderate the impact of presidential salience on priority goal ambiguity in federal agencies.

H11: Governance by a board or commission will moderate the impact of presidential salience on priority goal ambiguity in federal agencies.

H12: Fixed terms for administrators will moderate the impact of presidential salience on priority goal ambiguity in federal agencies.

H13: Specific qualifications for administrators will moderate the impact of presidential salience on priority goal ambiguity in federal agencies.

As briefly mentioned in the earlier part of this chapter, though politicians insulate agencies to diminish the influence of the president on them, their insulation decisions also consequently limit their ability to exert control over the agencies (Lewis 2003, p. 48; Wilson 1989, p. 239-240). Just as insulating structures of an agency impose high political transaction costs on presidential efforts to change the policy direction of an agency, these structures increase the political transaction costs for congressional control efforts as well. For example, when Congress attempts to change the policy goals of an agency with a board or commission structure, it has to influence the same number of members that the president has to influence (Lewis 2003). “The long-term consequence of the adoption of these and other self-denying ordinances is that Congress has reduced some of its influence over the bureaucracy” (Wilson 1989, p. 240). Thus, the four insulating structures should also moderate the impact of congressional salience on priority goal ambiguity in federal agencies.

H14: Location outside the cabinet departments will moderate the impact of congressional salience on priority goal ambiguity in federal agencies.

H15: Governance by a board or commission will moderate the impact of congressional salience on priority goal ambiguity in federal agencies.

H16: Fixed terms for administrators will moderate the impact of congressional salience on priority goal ambiguity in federal agencies.

H17: Specific qualifications for administrators will moderate the impact of congressional salience on priority goal ambiguity in federal agencies.

In summary, this chapter has introduced the concept of structural insulation. Theoretical explanation was provided regarding how insulating structures can moderate the impact of political influences on public organizations, drawing on ideas from political transaction costs theory. This chapter also developed hypotheses about the moderating effect of each insulating structure. The next chapter introduces the dataset used in this study. It also covers how each

independent variable was measured and how it relates to the goal ambiguity framework as suggested in Chapter 4.

CHAPTER 7

METHOD

7.1 Data Sources and Sample

The present study concerns the relationship between the political environment and public agencies at the national level and, thus, its focus is on agencies in the U.S. federal government. This study drew on the dataset developed by Chun and Rainey (2005a), which includes not only goal ambiguity measures but also a diverse array of variables representing organizational characteristics. This study extended the dataset to include political salience and structural insulation measures and two additional control variables. A total of nine additional variables have been developed for this study.²¹ The present study introduced and measured four different types of political salience: congressional salience, presidential salience, media salience, and overall political salience. This study identified four different insulating structures, including institutional location, governance by a board or commission, fixed-term for agency head(s), and specific requirements for administrators. It also developed and measured two additional control variables, routineness and managerial capacity.

Chun and Rainey built the dataset by investigating 115 federal agencies. They selected the agencies from all the operating agencies in the executive branch that existed from 1995 through 2000 as indicated by the *U.S. Government Manuals* published in the same period. They

²¹ One of the insulation variables, institutional location, was included in the original Chun and Rainey dataset. As the authors have stated, however, the statistical analyses of the relationship between this variable and goal ambiguity were conducted only for exploratory purposes without using the concept as an indicator of insulation from the political environment. See Chun and Rainey (2005a, p. 23) for more detail.

primarily referred to operating agencies as sub-departmental agencies and independent establishments outside the executive departments. Appendix A provides the list of agencies included in the dataset.

7.2 Measures of Political Salience and Structural Insulation

This section provides a description of how political salience and structural insulation variables were measured. As explained in Chapter 4, these two sets of variables represent the external environmental influences (EEI) component in the goal ambiguity framework of this study. The framework consists of three components: organizational characteristics (OC), EEI, and managerial actions and influences (MAI).

7.2.1 Political salience

The present study defined political salience of a governmental agency as the level of attention external entities with political power and authority devote to the agency. This study has four different measures of political salience.

To measure a federal agency's presidential salience, the present study drew on two different archival sources: (1) the *Weekly Compilation of Presidential Documents* and (2) the *United States Government Policy and Supporting Positions*. First, this analysis counted the number of presidential documents where the agency was mentioned in the *Weekly Compilation of Presidential Documents* published during 1997. The *Weekly Compilation* is the official publication of presidential materials on presidential statements, proclamations, executive orders, speeches, press conferences, communications to Congress and federal agencies, acts approved by the president, White House announcements, press releases, and other important events.

Considering its comprehensive coverage of the important presidential materials that deal with his or her relations with administrative agencies, this indicator reflects the degree of attention the president devotes to the agency. Second, this study counted the number of political appointees in the agency as reported in the *United States Government Policy and Supporting Positions* published in 1996. Scholars have pointed out that presidents rely heavily on appointment power in their efforts to influence administrative agencies by adding political appointees on top of existing career civil service employees or placing loyal political appointees into important bureaucratic posts (e.g., Heclo 1977; Light 1995; Nathan 1983; West 1995). Thus, it will be reasonable to regard the number of political appointees as an indicator that reflects the degree of attention the president devotes to the agency. Lastly, the present study standardized these two indicators into z-scores. The average of the two Z-scores was employed as the presidential salience score for each federal agency.

The agency's congressional salience was measured by using two archival sources: (1) the *Congressional Record* and (2) Government Accountability Office (GAO) reports. First, the present study counted the number of documents where the agency's name appears in the *Congressional Record* published during 1997. This archival source is the official record of the proceedings and debates of the United States Congress. The *Congressional Record* also includes legislation introduced and/or passed, tributes, statements, and other information that supplements statements made on the floor of Congress. It is published daily when Congress is in session, covering both the House and the Senate. The materials included in this data source represent important congressional activities that can affect federal agencies' policy directions and their management. Thus, this indicator based on the *Congressional Record* can be considered an appropriate estimate of the general level of attention the agency attracts from Congress. Second,

this study also counted the number of Government Accountability Office (GAO) reports and testimonies related to the agency (or its programs) published during 1997. Aberbach (1990), in his study of congressional oversight activities, reported that congressional support agencies were frequently used for oversight purposes. GAO evaluations, he found, were the most frequently used oversight procedure. Lastly, this study standardized these two indicators into z-scores. A composite score of congressional salience for each agency was created by calculating the average of the two Z-scores.

Media salience has been measured by drawing on two prominent news outlets: (1) the *New York Times* and (2) the *Washington Post*. First, this study counted the number of *New York Times* articles issued during 1997 that contain the agency's name. The *New York Times* has been frequently employed by studies that attempt to measure salience of policy issues or other political events (e.g., Epstein and Seigal 2000; Kioussis 2004; Worsham and Gatrell 2005; Winter and Eyal 1981). The newspaper has been widely recognized as "the elite U.S. newspaper" (Winter and Eyal 1981, p. 379) and "most national in orientation" (Epstein and Seigal 2000, p. 72). It serves as a model on which the news judgments of television networks are often based (Brown 1971). Given that the present study is concerned with the relationship between political salience and public organizations at the national level, the *New York Times* can be considered as an adequate source of information about the general level of attention a federal agency attracts from the media. Second, the present study also counted the number of the *Washington Post* articles issued in 1997 that contains the agency's name. The newspaper, along with the *New York Times*, is well known for its elite status in the media industry and for its influence on the agendas of other news media (Kioussis 2004). Lastly, this study standardized these two indicators into z-

scores. Average of these two z-scores was employed as the media salience measure for each federal agency.

Overall political salience of the agency was measured by factor analyzing the six different indicators described above. Principal components factor analysis was used for this purpose. All six items loaded on the first factor, producing an eigenvalue of 4.512, explaining about 75.20 percent of the variance. Table 7.1 provides more detailed results of the factor analysis. Factor scores from this analysis were then used as overall political salience variable, with high scores indicating greater overall political salience.

Table 7.1 Measuring Overall Salience

| Indicator | Loading |
|--|---------|
| <i>Congressional Record</i> | .95 |
| GAO reports | .72 |
| Weekly Compilation of Presidential Documents | .90 |
| Number of political appointees | .83 |
| <i>New York Times</i> articles | .86 |
| <i>Washington Post</i> articles | .93 |

Extraction Method: Principal Component Analysis

7.2.2 Structural insulation

The present study identified four different insulating structures: institutional location, governance by a board or commission, fixed term for agency head(s), and specific requirements for administrators. Whether a federal agency has these characteristics was determined by

referring to its establishing legislation or to the 1996 and 2000 editions of *United States Government Policy and Supporting Positions* (so called the plum book). In case of specific requirements for administrators, however, it was necessary to determine what qualifications should be considered as specific requirements that constrain the presidential selection of the administrator. To avoid overly subjective judgments regarding what constitutes specific qualifications, this study focused on limitations based on political party.²² Lewis (2003) contends that this is the most extreme limitation on presidential appointment. For each insulating structure, the agency has been coded as 1 when it has the structure and 0 otherwise. These insulating structures are treated as dummy variables.

7.3 Control Variables

To control for organizational characteristics, the present study includes the six variables that were used for the Chun and Rainey (2005a) study, including financial publicness, competing demands from multiple constituents, policy problem complexity, type of policy responsibility, size, and age. The present study also incorporates two additional control variables – routineness and managerial capacity. This section introduces how each of these variables was measured and how they relate to this study's goal ambiguity framework as suggested in Chapter 4.

²² Specific limitations that are often attached to new appointments, according to Lewis (2003, p. 47), are based upon diverse factors such as political party, occupation, or experience. These qualifications, however, are not equal in the extent to which they circumscribe the presidential appointment power. In addition, some qualifications are less self-evident than others. For example, the U.S. Code stipulates that none of the five commissioners of the Federal Communication Commission (FCC) can have a financial interest in any Commission-related business. Determining whether a FCC commissioner nominee has a financial interest in a related business is less straightforward than finding out the nominee's party affiliation.

7.3.1 Financial publicness

Financial publicness is a subcomponent that represents the OC component of the goal ambiguity framework. This variable was measured by calculating the percentage of a federal agency's financial resources from governmental sources. The *Budget of the United States Government, FY 1997* was used for this purpose. The document includes information on off-setting collections that are defined as "amounts received from the public as a result of business-like or market-oriented activities." The amount of financial resources from governmental sources was calculated by subtracting the amounts from the off-setting collections from the gross outlay.²³

7.3.2 Competing demands from multiple constituencies

In the goal ambiguity framework of this study, the competing demands variable is included in the EEI component. The number of clientele groups for a federal agency was used as a proxy measure of this variable, considering that diversity of clientele groups is in general associated with multiplicity of competing demands (Hargrove and Glidewell 1990, p. 6). The House Appropriations Committee Hearings for FY 1997 were used as a data source for this measure, that is, a count of the number of organized groups that appeared personally or sent written testimony to testify concerning programs administered by the agency.

²³ The amounts from the off-setting collections do not consist exclusively of the amounts from market-oriented activities. As a recording category in the U.S. Government Budget, off-setting collections and receipts also include amounts from interagency transactions that are not market-oriented activities in nature. The calculation of the

7.3.3 Type of policy responsibility (Regulatory, nonregulatory, or hybrid)

Type of policy responsibility is a subcomponent of the OC in this analysis. Identification of agencies with regulatory responsibilities took two steps. First, agencies in the sample were checked to see whether they were listed in the *Congressional Quarterly's Federal Regulatory Directory*, which is a comprehensive coverage of federal entities with any regulatory responsibility. Second, considering that a significant portion of the agencies listed in the directory also are involved in nonregulatory activities, agencies that spend 10 percent or more of their budgets for personnel compensation in FY 1997 were ultimately classified as “regulatory only” agencies. The justification for using this criterion is that regulatory activities are relatively labor intensive ones, such as monitoring compliance and carrying out enforcement (Levine, Peters, and Thompson 1990, p. 316-318; Salamon 2002). Agencies that satisfy only the first criterion were classified as hybrid agencies. Agencies that satisfied neither of the two criteria were categorized as nonregulatory agencies.

7.3.4 Organizational size

The goal ambiguity framework of this study includes organizational size as a subcomponent that represents the OC component. The number of full-time employees in 1997 was used to measure this variable. A log transformation was applied to the data, since some of the agencies had an extremely large number of employees. Data were collected from the Central Personnel Data File (CPDF) of the U.S. Office of Personnel Management (OPM).

financial publicness of a federal agency was conducted after subtracting the amounts from interagency transactions from the amounts from the off-setting collections.

7.3.5 Organizational age

This variable is also a subcomponent of the OC component in the goal ambiguity framework. The number of years since the agency's establishment was used as the measure of organizational age.²⁴

7.3.6 Complexity

The present study includes two organizational technology²⁵ variables: complexity²⁶ and routineness. Technology has figured importantly in the literature on organizations since Woodward (1958, 1965) reported its impact on organization structure and the potential importance of the fit between the two for organizational success. Organization theorists have focused on technology as an independent variable that affects other characteristics of organizations (Daft 2001). Both of the technology variables represent the OC component of the goal ambiguity framework.

Complexity can be defined as “the amount of specialized knowledge necessary to resolve uncertainties about the consequences of action” (Gormley 1989, p. 21). This definition of complexity, as Gormley notes, suggests that it is a characteristic inherent in an issue or problem and that it is different from conflict over values or goals. Public agencies performing different tasks vary in this dimension of organizational technology. For example, the technical expertise

²⁴ Determining when a government agency was established requires an explicit criterion regarding what constitutes a new agency. Based on the criterion of Lewis (2002, p. 104), an agency was considered as a new agency “if it had a new name and different functions from any previously existing agencies.” The primary sources for tracing the organizational history of functions were the Greenwood Encyclopedia of American Institution's *Government Agencies* edited by D. Whitnah (1983) and the *U.S. Government Manuals*.

²⁵ Organizational technology is often understood as “the work performed by an organization” (Scott 2003, p. 231), or more narrowly as “the physical combined with the intellectual or knowledge processes by which materials in some form are transformed into outputs” (Hulin and Roznowski 1985, p. 47).

²⁶ Complexity is a refinement of the concept of *policy problem complexity* that was used in Chun and Rainey (2005a). These authors used policy problem complexity was meant to refer to both the difficulty in task routinization

necessary to regulate telecommunications, international trade, or safety of medications exceeds that necessary to deliver postal packages or process social security claims. Professional staff ratio (PSR), which was obtained by calculating the percentage of full-time “professional” employees in an agency in the year of 1997, was employed as a proxy measure of policy problem complexity. The Central Personnel Data File (CPDF) of the Office of Personnel Management (OPM) was used as a data source of this measure. It classifies the federal employees as one of the five job categories: professional, administrative, technical, clerical, and wage grade. Three agencies in the sample, the U.S. Postal Service, Tennessee Valley Authority, and the Federal Reserve System, are not included in the file. These agencies, as Schwab (1999) suggests, were assigned the mean scores obtained from other observations: mean substitution is often deemed as a “conservative” technique that attenuates the relationship observed by decreasing the variation of the scores but that produces “internally consistent” sets of results.

7.3.7 Routineness

This dimension of organizational technology denotes the extent to which organizational tasks are analyzable and standardized. Routine technologies are characterized by low task variety and high analyzability, while nonroutine technologies are high in task variety and low in analyzability (Perrow 1967). It was measured using the same archival source that was used for the complexity variable. The percentage of full-time clerical and wage grade (i.e., blue collar) workers was used as a proxy measure for routineness. Several justifications can be provided for focusing on these two specific job categories to measure routineness. March and Simon (1958), pointing to the close relationship between the repetitiveness of individual activities and

and the lack of policy knowledge (p. 8). The present study considers them as presenting different dimensions of the construct of organizational technology.

programming of work processes, note that clerical and factory jobs are most likely to be structured or programmed. OPM defines clerical work as “structured work ... and performed in accordance with established policies, procedures, or techniques” (Office of Personnel Management 1995, p. 11). Ford (1997) states that “blue-collar workers tend not to have high knowledge requirements, and are constrained by the nature of the work to have relatively strict guidelines and supervisory controls” (p. 31). As such, the percentage of jobs classified as involving clerical or blue-collar work is closely related to the extent to which the conversion process in an organization is routinized.

7.3.8 Managerial capacity

Managerial capacity represents the MAI component of the goal ambiguity framework. Goal ambiguity is manageable to some extent (Moynihan 2006; Pandey and Rainey 2005). Scholars and experts point out that organizations can increase clarity of goals through management activities such as strategic planning and performance measurement. The government-wide implementation of the Government Performance and Results Act (GPRA) of 1993 is based on the assumption that federal agencies can clarify their missions and objectives by engaging in these management activities (Bozeman 2000, p. 58-62). The Government Performance Project (GPP) found that government agencies vary widely in the extent to which they have clarity of purpose, and that management capacity is a critical factor that affects the ability to achieve this (Ingraham, Joyce, and Donahue 2003, p. 87-90 and p. 94-102). Managerial capacity in this study denotes the management resources that can be devoted to clarifying organizational goals.²⁷ The percentage of the employees whose positions are classified into

²⁷ “Capacity” of an organization can be defined in many different ways. According to Honadle and Howitt (1986, p. 10-13), for example, the concept has been used in relation to diverse organizational aspects such as survival, power,

“Management and Program Analysis Series” was used as a proxy for this variable. The *Handbook of Occupational Groups and Families* published by the Office of Personnel Management (OPM) states that the positions in this series require knowledge about agency missions, program goals, and techniques for long-range planning of programs and objectives. The information comes from the same archival source used for measuring the two organizational technology variables, complexity and routineness.

This chapter introduced the dataset and sample used in the present analysis. Information regarding how each independent variable was also provided. The next chapter reports the results of data analysis.

institutions, systems, and conforming to external expectations and standards. Recent scholarship in public administration and political science has taken systematic approaches to organizational (or managerial) capacity. Carpenter (2001) distinguishes two types of organizational capacity: analytic (or informational) and programmatic (or planning). He conceives the former as “the power to analyze social problems,” while he defines the latter as “the ability of the bureaucracy to carry out programs in accordance with a previously specified plan” (p. 28). Ingraham, Joyce, and Donahue (2003) find management capacity as “the extent to which a government has the right resources in the right place at the right time” (p. 15).

CHAPTER 8

ANALYSIS AND RESULTS

This chapter presents the results of data analysis. Descriptive and correlation statistics are presented first. Then, the results of hypothesis tests are presented. This chapter also discusses regression results regarding control variables. Using the goal ambiguity framework as suggested in Chapter 4, patterns of relationships are identified between dimensions of goal ambiguity and the components of the goal ambiguity framework. Finally, a comparison is made between the results of this study and those reported by the previous goal ambiguity study.

8.1 Descriptive Statistics and Correlations

Table 8.1 presents descriptive statistics of dimensions of goal ambiguity, political salience, structural insulation, and control variables. As for structural insulation, the dataset includes 36 (31.3 percent) agencies located outside the cabinet departments and 79 (68.7 percent) cabinet agencies; 23 (20.0 percent) agencies are governed by a board or commission while 92 (80.0%) agencies are headed by a single administrator; administrators of 32 agencies serve fixed terms while the ones in 85 (72.2 percent) agencies serve at the pleasure of the president; lastly, the dataset includes 18 (15.7 percent) agencies with a party-balancing requirement and 97 (84.3 percent) that do not have such a requirement. Regarding the type of policy responsibility, the classification scheme explained in the previous chapter identifies 50 (43.5 percent) regulatory, 26 (22.6 percent) hybrid, and 39 (33.9%) non-regulatory agencies in the dataset.

Table 8.1 Descriptive Statistics

| | Unit | Mean | Std. | Min. | Max. |
|------------------------------|---|-------|-------|-------|-------|
| Goal Ambiguity | | | | | |
| Directive Ambiguity (log) | Ratio | 1.22 | 0.71 | -0.29 | 2.79 |
| Evaluative Ambiguity | Percentage | 54.62 | 20.52 | 5.90 | 94.10 |
| Priority Ambiguity | Z-Scores | -0.08 | 0.64 | -1.21 | 2.66 |
| Political Salience | | | | | |
| Congressional Salience | Z-Scores | 0.00 | 0.93 | -0.71 | 4.36 |
| Presidential Salience | Z-Scores | 0.00 | 0.94 | -0.50 | 6.96 |
| Media Salience | Z-Scores | 0.00 | 0.97 | -0.51 | 7.50 |
| Overall Salience | Factor Scores | 0.00 | 1.00 | -0.66 | 7.19 |
| Structural Insulation | | | | | |
| Institutional Location | 0, else; 1, located outside the cabinet | 0.31 | 0.47 | 0 | 1 |
| Board Governance | 0, else; 1, governance by a board | 0.20 | 0.40 | 0 | 1 |
| Fixed Term | 0, else; 1, fixed term for agency head(s) | 0.28 | 0.45 | 0 | 1 |
| Party Balancing | 0, else; 1, party balancing requirements | 0.16 | 0.36 | 0 | 1 |
| Control Variables | | | | | |
| Size (log) | Employees | 7.90 | 1.61 | 5.31 | 13.62 |
| Age | Years | 75.43 | 52.09 | 7 | 221 |
| Complexity | Percentage | 25.57 | 19.07 | 0 | 69.48 |
| Hybrid | 0, else; 1, hybrid | 0.23 | 0.42 | 0 | 1 |
| Non-Regulatory | 0, else; 1, non-regulatory | 0.34 | 0.48 | 0 | 1 |
| Competing Demands | Groups | 13.81 | 24.38 | 0 | 127 |
| Financial Publicness | Percentage | 78.79 | 33.50 | 0 | 100 |
| Routineness | Percentage | 11.74 | 12.03 | 1.23 | 75.63 |
| Managerial Capacity | Percentage | 4.36 | 4.53 | 0 | 23.06 |

Table 8.2 Correlation Matrix

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---------------------------|--------|---------|--------|--------|--------|--------|--------|--------|--------|--------|
| 1. Directive Ambiguity | | | | | | | | | | |
| 2. Evaluative Ambiguity | .33*** | | | | | | | | | |
| 3. Priority Ambiguity | .21* | .28** | | | | | | | | |
| 4. Congressional Salience | .03 | .25** | .50*** | | | | | | | |
| 5. Presidential Salience | .01 | .28** | .48*** | .76*** | | | | | | |
| 6. Media Salience | .05 | .29** | .31** | .72*** | .76*** | | | | | |
| 7. Overall Salience | .03 | .30** | .49*** | .90*** | .92*** | .92*** | | | | |
| 8. Institutional Location | .25** | .25** | .18 | .07 | .12 | .03 | .08 | | | |
| 9. Board Governance | .19* | .16 | -.02 | -.08 | .00 | .00 | -.03 | .74*** | | |
| 10. Fixed Term | .11 | .08 | -.03 | -.06 | -.06 | .01 | -.03 | .54*** | .76*** | |
| 11. Party Balancing | .16 | .16 | .00 | -.08 | .00 | .03 | -.01 | .64*** | .86*** | .69*** |
| 12. Size (log) | -.09 | .00 | .23* | .49*** | .18* | .35*** | .37*** | -.14 | -.18 | -.02 |
| 13. Age | -.29** | -.11 | .07 | .27** | .23* | .31** | .30** | -.17 | -.11 | .03 |
| 14. Complexity | .25** | .26** | .18 | .06 | .01 | .11 | .07 | .06 | .15 | .08 |
| 15. Hybrid | -.11 | -.37*** | -.09 | -.07 | -.02 | -.15 | -.09 | -.10 | -.11 | -.24** |
| 16. Non-Regulatory | -.07 | .01 | .11 | -.10 | .07 | -.01 | -.01 | -.01 | -.13 | -.03 |
| 17. Competing Demands | -.11 | .14 | .48*** | .44*** | .24* | .18 | .31** | -.22* | -.24** | -.21* |
| 18. Financial Publicness | .24* | .30** | .14 | .02 | .05 | .10 | .06 | -.17 | -.29** | -.31** |
| 19. Routineness | -.23* | -.28** | -.09 | -.05 | -.11 | -.02 | -.06 | -.18 | -.18 | -.07 |
| 20. Managerial Capacity | .05 | -.10 | .12 | .11 | .18 | .05 | .12 | .06 | -.07 | -.17 |

| | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 |
|--------------------------|-------|--------|-------|-------|---------|-------|-----|------|------|
| 12. Size (log) | -.22* | | | | | | | | |
| 13. Age | -.09 | .45*** | | | | | | | |
| 14. Complexity | .11 | -.02 | -.03 | | | | | | |
| 15. Hybrid | -.12 | -.11 | -.11 | .01 | | | | | |
| 16. Non-Regulatory | -.16 | -.08 | .01 | -.04 | -.39*** | | | | |
| 17. Competing Demands | -.23* | .30** | .05 | .18* | .08 | -.03 | | | |
| 18. Financial Publicness | -.18 | -.15 | -.16 | .08 | -.09 | .18 | .11 | | |
| 19. Routineness | -.18 | .16 | .22* | -.19* | -.11 | .27** | .01 | -.12 | |
| 20. Managerial Capacity | -.12 | -.12 | -.18* | .01 | .08 | .21* | .16 | .12 | -.09 |

* significant at .05 level; ** significant at .01 level; *** significant at .001 level

Table 8.2 displays zero-order correlations for the variables. The table shows that dimensions of political salience are highly correlated with each other. Congressional salience is positively related to presidential salience ($r = .76, p < .000$). One can observe high levels of positive correlation between media salience and presidential salience ($r = .76, p < .000$) as well as between media salience and congressional salience ($r = .72, p < .000$). A look at the correlations among these three political salience variables, however, reveals that these variables are not perfectly correlated. This indicates that different political actors, though they heavily influence each other, have inherently different incentive structures that shape unique patterns of attention to administrative agencies and policies. Table 2 also shows that the four variables of structural insulation are highly correlated with each other. Many of the agencies with one insulating structure tend to have one or more additional insulating features. Independent regulatory agencies, for example, typically have all of the four insulating characteristics considered in the present study.

8.2 Multivariate Analysis

This study used ordinary least squares (OLS) regression to test the hypotheses presented in the earlier chapters. The present study employed two different sets of regression equations since it has two different groups of hypotheses: The first set of hypotheses (i.e., hypotheses 1 through 9) concerns whether political salience influences goal ambiguity dimensions; the second set of hypotheses (i.e., hypotheses 10 through 17) relates to determining whether the impact of political salience on priority goal ambiguity is moderated by insulating structures. Equation (i) below was used for testing the first set of hypotheses. The second equation includes two additional variables—insulating structure and an interaction term between this variable political

salience—in order to determine whether the presence of an insulating structure moderates the effect of political salience on priority goal ambiguity. A moderating effect is said to exist when the effect of the independent variable (i.e., political salience) on the dependent variable (i.e., priority goal ambiguity) varies depending on the value of a third variable (i.e., insulating structure) (Jaccard and Turrisi 2003). Equation (ii) was used for testing the second set of hypotheses.

- (i) Goal Ambiguity = f (political salience, competing demands from multiple constituencies, financial publicness, types of policy responsibility, organizational size, age, policy problem complexity, routiness, managerial capacity)
- (ii) Priority Goal ambiguity = f (political salience, insulating structure, political salience × insulating structure, competing demands from multiple constituencies, financial publicness, types of policy responsibility, organizational size, age, policy problem complexity, routiness, managerial capacity)

8.2.1 Does political salience increase goal ambiguity?

Tables 8.3 through 8.6 provide regression results for testing the first set of hypotheses (i.e., hypothesis 1 through 9). These hypotheses concern whether political salience increases dimensions of goal ambiguity in federal agencies. Because these hypotheses are directional, a one-tailed test was used to test the statistical significance of the independent variables.

The present study checked the models for violations of the Gauss-Markov assumptions. An examination of residual plots revealed that there were no major violations of normality and linearity. Two influential outliers were detected. The first one was the Occupational Safety and Health Administration (OSHA). This agency had a very high directive goal ambiguity score (62.17), considering that the mean was 4.91 and the second highest score was 16.27. The standardized DFBeta statistic of OSHA for each explanatory variable was checked to examine

the extent of the effect of this single case on the regression slopes. A case is often considered influential if the absolute value of standardized DFBeta exceeds 1 for small to medium-size data sets (Neter, Wasserman, and Kutner 1989, p. 403). The standardized DFBetas of the agency exceeded the absolute value of 1 for the variables of non-regulatory policy responsibility, hybrid responsibility, age, and competing demands from multiple constituencies (2.00, 1.56, 1.13, and 1.17, respectively). Following this criterion, OSHA was not included in the analysis of directive goal ambiguity model. Second, the Department of State was found to have unusually high scores in all of the four political salience variables in the present study. An investigation of its standardized DFBetas for explanatory variables revealed that the agency needed to be excluded in the analyses of priority goal ambiguity models. The standardized DFBetas of the agency for congressional salience, presidential salience, media salience, and overall salience were 2.15, 1.65, 3.12, and 1.84, respectively. Accordingly, the Department of State was excluded in all of the analyses of the models that predicted priority goal ambiguity.

The plot of residuals against fitted values of directive goal ambiguity showed that the variance of error terms was not constant. A useful way of correcting the heterogeneous variance is to apply a logarithmic transformation to the data (Gujarati 1995, p. 386). The residual plot showed a clear pattern of homoscedasticity after a natural logarithmic transformation was applied to the directive goal ambiguity measure.

Lastly, to check for multicollinearity, two diagnostic tests were used in all models: the tolerance statistics and variance inflation factor (VIF). The results of these two tests reveal that multicollinearity is not a problem in all of these models. None of the independent variables (i.e., both main and control variables) has a tolerance statistic of less than .578, and none of the variables has a VIF of greater than 1.729.

Table 8.3 Congressional Salience and Goal Ambiguity

| Variable | Evaluative Goal Ambiguity | | | Priority Goal Ambiguity | | |
|--|---------------------------|-------|-------|-------------------------|------|-------|
| | B | SE | Beta | B | SE | Beta |
| <u>External Environmental Influences (EEI)</u> | | | | | | |
| Congressional Salience | 5.59** | 2.11 | 0.25 | 0.29*** | 0.08 | 0.39 |
| Competing Demands | 0.05 | 0.08 | 0.06 | 0.01** | 0.00 | 0.29 |
| <u>Organizational Characteristics (OC)</u> | | | | | | |
| Size (log) | -1.06 | 1.24 | -0.08 | -0.01 | 0.04 | -0.01 |
| Age | -0.05 | 0.03 | -0.13 | 0.00 | 0.00 | 0.01 |
| Complexity | 0.19* | 0.08 | 0.18 | 0.00 | 0.00 | 0.09 |
| Hybrid | -19.26*** | 4.16 | -0.39 | -0.03 | 0.13 | -0.02 |
| Non-Regulatory | -2.71 | 3.92 | -0.06 | 0.29* | 0.13 | 0.21 |
| Financial Publicness | 0.13** | 0.05 | 0.21 | 0.00 | 0.00 | 0.05 |
| Routineness | -34.48* | 14.35 | -0.20 | -0.57 | 0.46 | -0.11 |
| <u>Managerial Actions and Influences (MAI)</u> | | | | | | |
| Managerial Capacity | -76.37* | 37.42 | -0.17 | -0.61 | 1.21 | -0.04 |
| N | 115 | | | 114 | | |
| F-Value | 7.26*** | | | 6.42*** | | |
| R ² | 0.41 | | | 0.38 | | |
| Adj. R ² | 0.35 | | | 0.32 | | |

* significant at .05 level; ** significant at .01 level; *** significant at .001 level

Table 8.3 shows how congressional salience relates to two goal ambiguity dimensions—evaluative goal ambiguity and priority goal ambiguity—when other variables are controlled for. Both of the models were significant: For evaluative goal ambiguity, $F = 7.26, p < .001$; for priority goal ambiguity, $F = 6.42, p < .001$. The models explained 41 percent and 38 percent of variance respectively (Adj. $R^2 = .35$ and $.32$, correspondingly). Hypothesis 1, that congressional salience would be positively associated with evaluative goal ambiguity, was supported by the data (beta = $.25, p < .01$), revealing that federal agencies to which Congress allocates more attention tend to have higher levels of evaluative goal ambiguity. In Hypothesis 2, congressional salience was hypothesized to have a positive relationship with priority goal ambiguity. The result supported this hypothesis (beta = $.39, p < .001$), showing that the variable is the most important predictor of priority goal ambiguity in the model.²⁸

Several control variables showed significant relationships with the two dimensions of goal ambiguity.²⁹ Table 8.3 shows that evaluative goal ambiguity is significantly and positively related to complexity (beta = $.18, p < .05$) and financial publicness (beta = $.21, p < .01$), while this goal ambiguity dimension is significantly and negatively associated with hybrid policy responsibility (beta = $-.39, p < .001$), routineness (beta = $-.20, p < .05$), and managerial capacity (beta = $-.17, p < .05$).³⁰ On the other hand, priority goal ambiguity is significantly related to non-regulatory policy responsibility (beta = $.21, p < .05$) and competing demands (beta = $.29, p < .01$).

²⁸ This study tested how the inclusion of the outlier case—i.e., the Department of State—affects the regression estimates. The regression coefficient for congressional salience increased from $.29$ to $.44$ when this agency was included in the analysis. The inclusion of this single agency also increased the R-square value from $.38$ to $.47$. Very similar results were detected when this outlier case was included in the analyses of other priority goal ambiguity models in the following tables. Overall, the inclusion of the outlier agency led to greater coefficients for political salience variables and higher r-square values in all of the goal ambiguity models.

²⁹ Results regarding control variables will be discussed in more detail in a separate section later in this chapter.

³⁰ As one can see in the tables in this section, routineness and managerial capacity consistently show significant relationships with evaluative goal ambiguity across different models. As suggested in the goal ambiguity framework, these two variables were employed as additional control variables to better explain goal ambiguity. The results from regression analyses without these two control variables provide strong support for this idea. Models without these

Table 8.4 presents how presidential salience affects evaluative goal ambiguity and priority goal ambiguity. The results show that both of the models are significant: For evaluative goal ambiguity, $F = 8.47, p < .001$; for priority goal ambiguity, $F = .702, p < .001$. The models explained 45 percent and 41 percent of the variance, respectively (Adj. $R^2 = .40$ and $.35$, correspondingly). The results supported Hypothesis 3, that presidential salience would have a positive effect on evaluative goal ambiguity (beta = $.31, p < .001$). Supporting Hypothesis 4, presidential salience was also significantly and positively associated with priority goal ambiguity (beta = $.37, p < .001$). Presidential salience has the greatest beta value, meaning that it has the most explanatory power in this priority goal ambiguity model.

Table 8.4 also shows that evaluative goal ambiguity is significantly and positively associated with complexity (beta = $.19, p < .01$) and financial publicness (beta = $.21, p < .01$), while this goal ambiguity dimension is significantly and negatively related to hybrid policy responsibility (beta = $-.42, p < .001$), age (beta = $-.18, p < .05$), routineness (beta = $-.17, p < .05$), and managerial capacity (beta = $-.18, p < .05$). On the other hand, priority goal ambiguity was found to be associated with competing demands (beta = $.29, p < .01$).

Table 8.5 shows how media salience relates to two goal ambiguity dimensions: evaluative goal ambiguity and priority goal ambiguity. Both of the models were significant: For evaluative goal ambiguity, $F = 7.54, p < .001$; for priority goal ambiguity, $F = 4.86, p < .001$. Each model explained 42 and 32 percent of the variance, respectively (Adj. $R^2 = .36$ and $.25$, correspondingly). Hypothesis 5, that media salience would be positively related to evaluative

additional controls show results that are similar to those displayed in this study. Most of the estimates are robust to the inclusion and exclusion of these two variables. Nonregulatory policy responsibility, however, was sensitive to different specifications. For example, its statistically significant relationship with evaluative goal ambiguity as displayed in Table 8.5 disappeared when the two control variables were excluded. On the other hand, its statistically insignificant relationship with priority goal ambiguity in the same table achieved statistical significance when the two variables were not included.

Table 8.4 Presidential Salience and Goal Ambiguity

| Variable | Evaluative Goal Ambiguity | | | Priority Goal Ambiguity | | |
|--|---------------------------|-------|-------|-------------------------|------|-------|
| | B | SE | Beta | B | SE | Beta |
| <u>External Environmental Influences (EEI)</u> | | | | | | |
| Presidential Salience | 6.72*** | 1.76 | 0.31 | 0.36*** | 0.08 | 0.37 |
| Competing Demands | 0.07 | 0.07 | 0.08 | 0.01*** | 0.00 | 0.32 |
| <u>Organizational Characteristics (OC)</u> | | | | | | |
| Size (log) | -0.20 | 1.13 | -0.02 | 0.04 | 0.04 | 0.10 |
| Age | -0.07* | 0.03 | -0.18 | 0.00 | 0.00 | -0.01 |
| Complexity | 0.20** | 0.08 | 0.19 | 0.00 | 0.00 | 0.12 |
| Hybrid | -20.69*** | 3.99 | -0.42 | -0.09 | 0.13 | -0.06 |
| Non-Regulatory | -5.14 | 3.78 | -0.12 | 0.20 | 0.12 | 0.15 |
| Financial Publicness | 0.13** | 0.05 | 0.21 | 0.00 | 0.00 | 0.07 |
| Routineness | -28.91* | 14.03 | -0.17 | -0.34 | 0.46 | -0.06 |
| <u>Managerial Actions and Influences (MAI)</u> | | | | | | |
| Managerial Capacity | -82.61* | 36.18 | -0.18 | -1.06 | 1.21 | -0.07 |
| N | 115 | | | 114 | | |
| F-Value | 8.47*** | | | 7.02*** | | |
| R ² | 0.45 | | | 0.41 | | |
| Adj. R ² | 0.40 | | | 0.35 | | |

* significant at .05 level; ** significant at .01 level; *** significant at .001 level

Table 8.5 Media Salience and Goal Ambiguity

| Variable | Evaluative Goal Ambiguity | | | Priority Goal Ambiguity | | |
|--|---------------------------|-------|-------|-------------------------|------|-------|
| | B | SE | Beta | B | SE | Beta |
| <u>External Environmental Influences (EEI)</u> | | | | | | |
| Media Salience | 5.30** | 1.79 | 0.25 | 0.18* | 0.09 | 0.19 |
| Competing Demands | 0.11 | 0.07 | 0.13 | 0.01*** | 0.00 | 0.41 |
| <u>Organizational Characteristics (OC)</u> | | | | | | |
| Size (log) | -0.74 | 1.19 | -0.06 | 0.03 | 0.04 | 0.07 |
| Age | -0.06* | 0.03 | -0.16 | 0.00 | 0.00 | 0.02 |
| Complexity | 0.16* | 0.08 | 0.15 | 0.00 | 0.00 | 0.06 |
| Hybrid | -18.94*** | 4.13 | -0.39 | -0.04 | 0.14 | -0.03 |
| Non-Regulatory | -3.15 | 3.87 | -0.07 | 0.26* | 0.14 | 0.19 |
| Financial Publicness | 0.12* | 0.05 | 0.19 | 0.00 | 0.00 | 0.03 |
| Routineness | -36.44** | 14.15 | -0.21 | -0.73 | 0.48 | -0.14 |
| <u>Managerial Actions and Influences (MAI)</u> | | | | | | |
| Managerial Capacity | -73.51* | 36.89 | -0.16 | -0.22 | 1.28 | -0.02 |
| N | 115 | | | 114 | | |
| F-Value | 7.54*** | | | 4.86*** | | |
| R ² | 0.42 | | | 0.32 | | |
| Adj. R ² | 0.36 | | | 0.25 | | |

* significant at .05 level; ** significant at .01 level; *** significant at .001 level

goal ambiguity, was supported by the data ($\beta = .25, p < .01$). The results also supported Hypothesis 6, which predicted that media salience would have a positive effect on priority goal ambiguity ($\beta = .19, p < .05$).

In relation to the control variables, evaluative goal ambiguity showed significant and positive relationships with complexity ($\beta = .15, p < .05$) and financial publicness ($\beta = .19, p < .05$), and significant and negative associations with age ($\beta = -.16, p < .05$), hybrid responsibility ($\beta = -.39, p < .001$), routineness ($\beta = -.21, p < .01$), and managerial capacity ($\beta = -.16, p < .05$). On the other hand, the results show that priority goal ambiguity is significantly and positively associated with non-regulatory responsibility ($\beta = .19, p < .05$) and competing demands ($\beta = .41, p < .001$).

Table 8.6 presents how overall political salience is associated with three dimensions of goal ambiguity: directive goal ambiguity, evaluative goal ambiguity, and priority goal ambiguity. All of the three models were significant: For directive goal ambiguity, $F = 3.73, p < .001$; for evaluative goal ambiguity, $F = 8.12, p < .001$; and for priority goal ambiguity, $F = 6.52, p < .001$. The models explained 27, 44, and 39 percent of the variance, respectively (Adj. $R^2 = .19, .38$, and $.33$, correspondingly). According to Hypothesis 7, overall salience will be positively related to directive goal ambiguity. The results of the OLS regression provide partial support for this hypothesis. The coefficient for overall salience is negative ($.07$) and in the anticipated direction, but it fails to achieve statistical significance at the $.05$ level, suggesting that overall salience has little if any effect on directive goal ambiguity.³¹ One explanation may be related to the empirical measures of directive goal ambiguity and overall salience. The present study used the

³¹ This study checked whether the estimates were robust to the inclusion of the outlier case, OSHA. A few changes were detected. The coefficient of the overall salience variable becomes smaller ($b = .61$). It was still statistically insignificant. The coefficient of hybrid policy responsibility became statistically significant at the $.05$ level when the agency was included in the analysis.

Table 8.6 Overall Salience and Goal Ambiguity

| Variable | Directive Ambiguity | | Evaluative Ambiguity | | Priority Ambiguity | |
|--|---------------------|-------|----------------------|-------|--------------------|-------|
| | B | Beta | B | Beta | B | Beta |
| <u>External Environmental Influences (EEI)</u> | | | | | | |
| Overall Salience | .07 (.07) | 0.10 | 6.19 (1.76)*** | 0.30 | .33 (.08)*** | 0.38 |
| Competing Demands | -.01 (.00)* | -0.22 | .07 (.07) | 0.08 | .01 (.00)*** | 0.32 |
| <u>Organizational Characteristics (OC)</u> | | | | | | |
| Size (log) | .05 (.05) | 0.11 | -.86 (1.17) | -0.07 | .01 (.04) | 0.01 |
| Age | -.00 (.00)** | -0.31 | -.07 (.03)* | -0.17 | .00 (.00) | 0.00 |
| Complexity | .01 (.00)** | 0.24 | .18 (.08)* | 0.17 | .00 (.00) | 0.08 |
| Hybrid | -.27 (.16)* | -0.16 | -19.30 (4.05)*** | -0.40 | -.02 (.13) | -0.02 |
| Non-Regulatory | -.22 (.15) | -0.15 | -3.49 (3.80) | -0.08 | .29 (.13)* | 0.21 |
| Financial Publicness | .00 (.00)* | 0.21 | .12 (.05)** | 0.20 | .00 (.00) | 0.04 |
| Routineness | -.42 (.56) | -0.07 | -32.43 (14.03) * | -0.19 | -.52 (.46) | -0.10 |
| <u>Managerial Actions and Influences (MAI)</u> | | | | | | |
| Managerial Capacity | .60 (1.46) | 0.04 | -81.35 (36.54) * | -0.18 | -.97 (1.23) | -0.07 |
| N | 114 | | 115 | | 114 | |
| F-Value | 3.73*** | | 8.12*** | | 6.52*** | |
| R2 | 0.27 | | 0.44 | | 0.39 | |
| Adj. R2 | 0.19 | | 0.38 | | 0.33 | |

* significant at .05 level; ** significant at .01 level; *** significant at .001 level; Numbers in parentheses indicate standard error.

Rules to Laws ratio (R/L ratio) as a proxy measure for directive goal ambiguity. The ratio can be deemed an indicator of the degree of vagueness in legislative mandates because more ambiguous legislation creates more of a need for rulemaking on the part of administrative agencies.

According to the literature on legislative delegation, legislative vagueness is largely determined at the time the laws are created, strongly affected by such factors as expertise required for legislation and interbranch conflict at the time of legislation (Epstein and O'Halloran 1999; Volden 2002). The measure of overall salience in the present study, however, does not reflect the level of interactions among multiple political actors at the time of legislation.

Hypothesis 8 predicted that overall political salience would relate positively to evaluative goal ambiguity. The results support this prediction ($\beta = .30, p < .001$), indicating that federal agencies receiving higher levels of attention from multiple political actors simultaneously are more likely to have higher degrees of evaluative goal ambiguity. Hypothesis 9, that overall salience would have a positive relationship with priority goal ambiguity, was also supported by the results ($\beta = .38, p < .001$).

Regarding the control variables, directive goal ambiguity shows significant and positive relationships with complexity ($\beta = .24, p < .01$) and financial publicness ($\beta = .21, p < .05$), and significant and negative associations with age ($\beta = -.31, p < .01$), hybrid policy responsibility ($-.16, p < .05$) and competing demands ($\beta = -.22, p < .05$). Evaluative goal ambiguity is significantly and positively associated with complexity ($\beta = .17, p < .05$) and financial publicness ($\beta = .20, p < .05$). On the other hand, this goal ambiguity dimension is significantly and negatively related to age ($\beta = -.17, p < .05$), hybrid responsibility ($\beta = -.40, p < .001$), routineness ($\beta = -.19, p < .05$), and managerial capacity ($\beta = -.18, p < .05$). The

results show that priority goal ambiguity is significantly and positively associated with non-regulatory responsibility ($\beta = .21, p < .05$) and competing demands ($\beta = .32, p < .001$).

In sum, Tables 8.3 through 8.6 report that political salience is a significant predictor of evaluative goal ambiguity and priority goal ambiguity. All but one hypothesis (i.e., the one about the relationship between overall salience and directive goal ambiguity) were supported by the data. The results provide clear evidence that, when facing more external influences or influence attempts, federal agencies tend to have more difficulty in objectively assessing the progress toward the achievement of organizational goals, and in deciding which goals should take precedence over others and in weighting goals according to their relative importance.

8.2.2 Does structural insulation moderate the impact of political salience on goal ambiguity?

Tables 8.7 and 8.8 provide regression results for testing the second set of hypotheses (i.e., hypothesis 10 through 17). These hypotheses concern the moderating effect of the four insulating structures—institutional location (or independent agency status), governance by a board or commission, fixed term for agency head(s), and party-balancing requirements—on the relationship between political salience and priority goal ambiguity.³²

Table 8.7 shows whether each of the four insulating structures moderates the impact of presidential salience on priority goal ambiguity. Each model includes an insulating structure and

³² As noted earlier, one outlier case—i.e., the Department of State—was not included in the analyses of the models that predicted priority goal ambiguity. This study checked whether the estimates reported in Table 8.7 and 8.8 are robust to the inclusion of this outlier case. Significant changes were detected when this case was in the analyses. First, across the models, R-square values increased and the size of the coefficients of interaction terms became larger. Second, all of the interaction terms (except for the one between presidential salience and fixed term) were found to be statistically significant. As can be seen in Table 8.7 and Table 8.8, only half of the interaction terms were statistically significant when the agency was not included in the analysis. Absolute values of standardized DFBetas for both presidential salience and congressional salience exceeded a conventional cut-off criterion of 1 across the models, indicating that the case needs to be excluded for more accurate and conservative estimations.

Table 8.7 Presidential Salience, Structural Insulation, and Priority Goal Ambiguity

| Variable | Model 1 | | Model 2 | | Model 3 | | Model 4 | |
|---|-----------------|------|-----------------|------|-----------------|------|-----------------|------|
| | B | Beta | B | Beta | B | Beta | B | Beta |
| <u>External Environmental Influences (EEI)</u> | | | | | | | | |
| Presidential Salience | .33*** (.09) | .34 | .38*** (.08) | .39 | .38*** (.09) | .40 | .37*** (.08) | .38 |
| Institutional Location | .33** (.12) | .24 | | | | | | |
| Presidential Salience × Institutional Location | -.21 (.18) | -.10 | | | | | | |
| Board Governance | | | .14 (.14) | .09 | | | | |
| Presidential Salience × Board Governance | | | -.54 (.34) | -.13 | | | | |
| Fixed Term | | | | | .03 (.13) | .02 | | |
| Presidential Salience × Fixed Term | | | | | -.34 (.30) | -.10 | | |
| Party Balancing | | | | | | | .18 (.15) | .10 |
| Presidential Salience × Party Balancing | | | | | | | -.58 (.40) | -.12 |
| Competing Demands | .01*** (.00) | .38 | .01*** (.00) | .33 | .01*** (.00) | .31 | .01*** (.00) | .33 |
| <u>Organizational Characteristics (OC)</u> | | | | | | | | |
| Size (log) | .05 (.04) | .12 | .05 (.04) | .11 | .04 (.04) | .09 | .05 (.04) | .13 |
| Age | .00 (.00) | .02 | .00 (.00) | .00 | .00 (.00) | -.01 | .00 (.00) | -.01 |
| Complexity | .00 (.00) | .09 | .00 (.00) | .11 | .00 (.00) | .12 | .00 (.00) | .11 |
| Hybrid | -.04 (.13) | -.03 | -.05 (.13) | -.03 | -.07 (.14) | -.04 | -.04 (.13) | -.02 |
| Non-Regulatory | .20* (.12) | .15 | .23* (.12) | .17 | .19 (.12) | .14 | .24* (.13) | .17 |
| Financial Publicness | .00 (.00) | .13 | .00 (.00) | .13 | .00 (.00) | .10 | .00 (.00) | .10 |
| Routineness | -.22 (.45) | -.04 | -.25 (.46) | -.05 | -.28 (.46) | -.05 | -.25 (.46) | -.05 |
| <u>Managerial Actions and Influences (MAI)</u> | | | | | | | | |
| Managerial Capacity | -1.01 (1.17) | -.07 | -1.06 (1.20) | -.07 | -.92 (1.22) | -.07 | -.96 (1.21) | -.07 |
| N | 114 | | 114 | | 114 | | 114 | |
| F-Value | 6.85*** | | 6.19*** | | 5.95*** | | 6.22*** | |
| R2 | 0.45 | | 0.42 | | 0.41 | | 0.43 | |
| Adj. R2 | 0.38 | | 0.36 | | 0.34 | | 0.36 | |

* significant at .05 level; ** significant at .01 level; *** significant at .001 level; Numbers in parentheses indicate standard error.

an interaction term between presidential salience and the insulating structure. One can determine the moderating effect of the insulating structure by testing whether the regression coefficient of the interaction term is negative and significantly different from zero. As the table shows, however, none of the interaction terms satisfies both of the conditions. The interaction term between presidential salience and independent agency status shows a negative coefficient ($\beta = -.10$) but fails to achieve statistical significance at the .05 level. The coefficient of the interaction term between presidential salience and board governance has a minus sign ($\beta = -.13$) but it does not reach statistical significance at the .05 level. Likewise, the interaction term between presidential salience and fixed term has a negative coefficient ($\beta = -.10$) but does not achieve statistical significance at the .05 level. The interaction term between presidential salience and party-balancing requirement is no exception. This interaction term has a negative coefficient ($\beta = -.12$), but it is not significant at the .05 level. In sum, the coefficients of each interaction term are negative as expected, but they are not statistically significant at the .05 level. The results of the OLS regression provide only partial support for these four hypotheses. Hypotheses 10 through 13, that insulating structures would moderate the impact of presidential salience on priority goal ambiguity, were not supported by the data.³³ This finding comes as a surprise since insulating structures are primarily instituted to protect federal agencies from presidential influence (Moe 1989; Lewis 2003). One possible explanation is that, as a practical matter, executive appointment and removal powers are often exercised more flexibly than statutorily allowed. For example, chairpersons of independent regulatory commissions often leave their

³³ As reported in Table 8.7, none of the coefficients of interaction terms were statistically significant. One might suspect that high collinearity may be the reason for this result. Models employing interaction terms often exhibit collinearity, which does not bias the estimates but does inflate the standard errors. A large standard error makes it difficult to achieve statistical significance. The results of two diagnostic tests, however, show that collinearity was not an issue in each model: none of the variables has a tolerance statistic of less than .581, and none of the variable has a VIF of greater than 1.721.

offices well before their fixed terms expire, enabling the president to fill those commissions with his or her “right-minded” people (Moe 1982, p. 202). As a consequence, insulation of independent boards and commissions from presidential influence is mitigated (West 1995). Terry Moe’s (1982) finding that regulatory behavior of independent regulatory commissions varied in accordance with presidential partisanship is illustrative in this regard.

Table 8.8 presents whether each of the four insulating structures moderates the impact of congressional salience on priority goal ambiguity. As can be seen in Model 1, the moderating effect of institutional location was not supported by the data. The interaction term between congressional salience and independent agency status showed a negative coefficient ($\beta = -.09$) but failed to achieve statistical significance at the .05 level. However, the results show that the other three insulating structures moderate the impact of congressional salience on priority goal ambiguity. Hypothesis 15 was supported by the negative and statistically significant ($\beta = -.21$, $p < .05$) regression coefficient of the interaction term between congressional salience and board governance in Model 2. The interaction term between congressional salience and fixed term for administrators in Model 3 also has statistically significant regression coefficient with a negative sign ($\beta = -.31$, $p < .001$), providing support for Hypothesis 16. In Model 4, the regression coefficient of the interaction term between congressional salience and party-balancing requirements is negative and statistically significant ($\beta = -.67$, $p < .05$). Hypothesis 17, that the impact of congressional salience on priority goal ambiguity would be moderated by party-balancing requirements, was supported by the data. In sum, the results show that the impact of congressional salience on priority goal ambiguity can be moderated by insulating structures except for independent agency status.

One additional interesting finding is that, in contrast to the other three insulating

Table 8.8 Congressional Salience, Structural Insulation, and Priority Goal Ambiguity

| | Model 1 | | Model 2 | | Model 3 | | Model 4 | |
|--|-----------------|------|-----------------|------|------------------|------|-----------------|------|
| | B | Beta | B | Beta | B | Beta | B | Beta |
| <u>External Environmental Influences (EEI)</u> | | | | | | | | |
| Congressional Salience | .27** (.09) | .36 | .30*** (.08) | .40 | .38*** (.08) | .50 | .38*** (.08) | .50 |
| Institutional Location | .34** (.12) | .25 | | | | | | |
| Cong. Salience × Institutional Location | -.13 (.13) | -.09 | | | | | | |
| Board Governance | | | .08 (.15) | .05 | | | | |
| Cong. Salience × Board Governance | | | -.67* (.29) | -.21 | | | | |
| Fixed Term | | | | | .03 (.12) | .02 | | |
| Cong. Salience × Fixed Term | | | | | -.55*** (.16) | -.31 | | |
| Party Balancing | | | | | | | .13 (.16) | .07 |
| Cong. Salience × Party Balancing | | | | | | | -.67* (.31) | -.20 |
| Competing Demands | .01*** (.00) | .35 | .01** (.00) | .27 | .01* (.00) | .20 | .01** (.00) | .27 |
| <u>Organizational Characteristics (OC)</u> | | | | | | | | |
| Size (log) | .01 (.04) | .04 | .04 (.04) | .09 | .04 (.04) | .10 | .04 (.04) | .09 |
| Age | .00 (.00) | .04 | .00 (.00) | .04 | .00 (.00) | .02 | .00 (.00) | .03 |
| Complexity | .00 (.00) | .07 | .00 (.00) | .09 | .00 (.00) | .10 | .00 (.00) | .10 |
| Hybrid | .02 (.13) | .01 | .03 (.13) | .02 | .03 (.13) | .02 | .05 (.14) | .04 |
| Non-Regulatory | .28* (.13) | .20 | .33** (.13) | .24 | .27* (.12) | .20 | .33** (.13) | .24 |
| Financial Publicness | .00 (.00) | .11 | .00 (.00) | .06 | .00 (.00) | .09 | .00 (.00) | .06 |
| Routineness | -.41 (.45) | -.08 | -.53 (.45) | -.10 | -.52 (.44) | -.10 | -.50 (.45) | -.09 |
| <u>Managerial Actions and Influences (MAI)</u> | | | | | | | | |
| Managerial Capacity | -.71 (1.17) | -.05 | -.27 (1.19) | -.02 | .09 (1.17) | .01 | -.21 (1.19) | -.01 |
| N | 114 | | 114 | | 114 | | 114 | |
| F-Value | 6.50*** | | 6.20*** | | 6.92*** | | 6.18*** | |
| R ² | .44 | | .42 | | .45 | | .42 | |
| Adj. R ² | .37 | | .36 | | .39 | | .36 | |

* significant at .05 level; ** significant at .01 level; *** significant at .001 level; Numbers in parentheses indicate standard error.

structures, institutional location was not found to insulate agencies from either of the two political institutions. One possibility is that independent agency status has not been used solely for the purpose of insulating agencies from political influences. Meier (2000, p. 77) notes that creating independent agencies has been justified for a variety of additional purposes such as finding a new way of approaching policy problems, avoiding clientele pressures, and failing to find an appropriate place within the existing departments.

8.3 Results regarding Control Variables

This study has employed many control variables in testing the hypothesized relationships. Findings about these control variables can be discussed in relation to the goal ambiguity framework introduced in Chapter 4. The framework consists of three different components—organizational characteristics (OC), external environmental influences (EEI), and managerial actions and influences (MAI)—and each control variable can be categorized into one of these three components. This section reports the findings about control variables using the goal ambiguity framework. A more comprehensive picture of how each component relates to the three dimensions of goal ambiguity is also discussed in this section.

8.3.1 Evaluative goal ambiguity

Seven control variables are considered as OC subcomponents: two organizational technology variables (i.e., routineness and complexity), two policy responsibility variables (i.e., non-regulatory and hybrid responsibilities), financial publicness, organizational size, and organizational age. First, how does each OC subcomponent related to evaluative goal ambiguity?

As Table 8.9 shows, the two technology variables were significantly associated with

Table 8.9 Comparing Models: Evaluative Goal Ambiguity

| | Chun and Rainey | Table 8.3 | Table 8.4 | Table 8.5 | Table 8.6 |
|--|-----------------|-----------|-----------|-----------|-----------|
| <u>Organizational Characteristics (OC)</u> | | | | | |
| Routineness | NA | - | - | - | - |
| Complexity | + | + | + | + | + |
| Hybrid | - | - | - | - | - |
| Non-Regulatory | - | | | | |
| Financial Publicness | + | + | + | + | + |
| Size | | | | | |
| Age | | | - | - | - |
| <u>External Environmental Influences (EEL)</u> | | | | | |
| Political Salience | NA | + | + | + | + |
| Competing Demands | | | | | |
| <u>Managerial Actions and Influences (MAI)</u> | | | | | |
| Managerial Capacity | NA | - | - | - | - |

NA = Not Applicable

+ = Positive and statistically significant relationship

- = Negative and statistically significant relationship

evaluative goal ambiguity across the different models. As explicated in Chapter 4, in the goal ambiguity framework, organizations with a higher proportion of routine tasks are expected to have less difficulty in objectively assessing progress toward the achievement of their mission and goals, because routine tasks are often subject to direct observation and quantification. On the other hand, agencies with higher task complexity are expected to have higher levels of evaluative goal ambiguity because the lack of knowledge regarding cause and effect relationships makes it difficult for these agencies to specify outcomes for their programs. Findings about the two technology variables in this study (and as summarized in Table 8.9) provide strong support for these ideas. These findings also have important implications for applying rational management techniques in the public sector. Successful implementation of rational management schemes such as strategic planning and performance management requires, most of all, setting clear goals. This study found that agencies responsible for implementing simple tasks with more routinized work processes are better able to set clear objectives that are performance-oriented. In Wilson's (1989) terminology, "production agencies" seem to have advantages over other types of agencies in implementing such rational management techniques.

Table 8.9 shows that hybrid policy responsibility was also significantly correlated with evaluative goal ambiguity across the models in this study. In the goal ambiguity framework, regulatory agencies are expected to have more difficulty than other types of agencies in using objective and quantitative criteria in agency performance assessment because regulatory agencies often have vague mandates (such as "regulate business in the public interest") which are less amenable to direct observation and quantification. As expected, hybrid agencies were found to have less evaluative goal ambiguity than regulatory agencies. In contrast to hybrid agencies,

however, non-regulatory agencies did not show a statistically significant difference from regulatory agencies.

Financial publicness, as expected in the goal ambiguity framework, consistently showed positive and statistically significant relationships with evaluative goal ambiguity. As compared to business organizations that operate in the market with a clear “bottom line” such as profit, public organizations that rely heavily on government appropriation processes for their financial resources often lack such a clear bottom line, and hence tend to focus their performance evaluation more on inputs or workloads than on objective outcomes and impacts. The results of the present study provide strong evidence for this observation.

Organizational age was found to have a negative and statistically significant coefficient in three evaluative goal ambiguity models in this study. Organizational age’s negative relationship with the evaluative goal ambiguity dimension was not discussed in the discussion of the goal ambiguity framework in Chapter 4. An interpretation of this finding is that, as organizations age, they go through a learning process that sharpens their understanding of what constitutes performance and where their evaluation focus should be. Organizations and their members accumulate knowledge through more exposures to evaluation activities. In addition, over a long period of time, organizations can broaden the scope of consensus with their external stakeholders regarding what their performance should be.

Organizational size was not significantly associated with evaluative goal ambiguity dimensions. This result is in contrast to the typical observation in the organization theory literature that larger organizations tend to rely more on rules and procedures for their standardization needs (Daft 2001, p. 290).

The EEI component consists of two subcomponents: political salience and competing demands.³⁴ As explained in the previous section, political salience was positively and statistically significantly associated with evaluative goal ambiguity across the models. Table 8.9 shows, however, that competing demands among multiple constituencies is not a significant predictor of evaluative goal ambiguity.

The MAI component has only one subcomponent: managerial capacity. As Table 8.9 shows, this MAI subcomponent consistently showed a negative and significant relationship with evaluative goal ambiguity. This finding suggests that organizational ability to state objective and results-oriented goals can be affected by the level of resources allocated to achieving this purpose. The negative relationships between the two variables provides support for the main argument of “managing for results” (MFR), as pursued by the Government Performance Project (GPP), that contends that efforts at building management capacity are critical for achieving clarity of purpose, and for improving performance.

8.3.2 Priority goal ambiguity

Table 8.10 shows that only one OC component was significantly associated with priority goal ambiguity. The positive relationship between non-regulatory policy responsibility and priority goal ambiguity means that regulatory agencies, compared to non-regulatory agencies, tend to have fewer organizational priorities to deal with. As mentioned in Chapter 4, this finding can be interpreted in relation to the organizational capacity of regulatory agencies. Meier (2000, p. 78) reports that budget to personnel ratio—an indicator of organizational capacity—is much lower for regulatory agencies than for other types of agencies, suggesting that regulatory agencies have

³⁴ Tables 8.9 through 8.11 do not include structural insulation, which was considered only for its moderating effect on the relationship between political salience and priority goal ambiguity.

Table 8.10 Comparing Models: Priority Goal Ambiguity

| | Chun and Rainey | Table 8.3 | Table 8.4 | Table 8.5 | Table 8.6 | Table 8.7 | Table 8.8 |
|--|-----------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <u>Organizational Characteristics (OC)</u> | | | | | | | |
| Routineness | NA | | | | | | |
| Complexity | | | | | | | |
| Hybrid | | | | | | | |
| Non-Regulatory | + | + | | + | + | + | + |
| Financial Publicness | + | | | | | | |
| Size | | | | | | | |
| Age | + | | | | | | |
| <u>External Environmental Influences (EEI)</u> | | | | | | | |
| Political Salience | NA | + | + | + | + | + | + |
| Competing Demands | + | + | + | + | + | + | + |
| <u>Managerial Actions and Influences (MAI)</u> | | | | | | | |
| Managerial Capacity | NA | | | | | | |

NA = Not Applicable

+ = Positive and statistically significant relationship

- = Negative and statistically significant relationship

little room for accommodating additional organizational tasks.

EEI subcomponents were found to be very important predictors of priority goal ambiguity.³⁵ As Table 8.10 displays, competing demands from multiple constituencies, along with political salience, was positively and significantly associated with priority goal ambiguity across the models. The need for political compromise among competing interests often expands the goal set of an agency, exposing more diverse goals that are often contradictory or incompatible with each other.

The only MAI subcomponent, managerial capacity, did not show a statistically significant relationship with priority goal ambiguity across the models. As mentioned earlier in this section, this variable was negatively and significantly associated with evaluative goal ambiguity. Why is this MAI subcomponent significantly associated with one goal ambiguity dimension but not with the other? One may find the reason in the empirical measure of the managerial capacity variable. Managerial capacity was measured by calculating the proportion of human resources that can be devoted to activities for clarifying organizational goals such as strategic planning and performance measurement. These management activities are mostly for helping agencies identify and focus on long-term program or organizational goals rather than for controlling the scope of organizational goals and priorities. The latter is often beyond the ability of any single bureaucratic agency.

8.3.3 Directive goal ambiguity

Only one directive goal ambiguity model was tested in this study. Table 8.11 shows that several OC subcomponents are significantly associated with directive goal ambiguity.

³⁵ Though not reported in Table 8.10, three insulating structures were found to have moderating effects that reduces the impact of congressional salience on priority goal ambiguity.

Table 8.11 Comparing Models: Directive Goal Ambiguity

| | Chun and Rainey | Table 8.6 |
|--|-----------------|-----------|
| <u>Organizational Characteristics (OC)</u> | | |
| Routineness | NA | |
| Complexity | + | + |
| Hybrid | | - |
| Non-Regulatory | - | |
| Financial Publicness | + | + |
| Size | | |
| Age | - | - |
| <u>External Environmental Influences (EEI)</u> | | |
| Political Salience | NA | |
| Competing Demands | - | - |
| <u>Managerial Actions and Influences (MAI)</u> | | |
| Managerial Capacity | NA | |

NA = Not Applicable

+ = Positive and statistically significant relationship

- = Negative and statistically significant relationship

Complexity was found to increase the directive goal ambiguity of federal agencies. Legislators tend to give bureaucrats more discretion (i.e., write statutes lower in specificity) when policy problems they want to deal with require highly specialized knowledge and information (Epstein

and O'Halloran 1999; Volden 2002). The other technology variable, routineness, was not significantly associated with directive goal ambiguity. Hybrid policy responsibility showed a negative and statistically significant relationship with directive goal ambiguity. This relationship provides support to the frequent observation that regulatory agencies have more vague mandates compared to other types of agencies. However, non-regulatory policy responsibility did not show a statistically significant coefficient. Financial publicness showed a negative and statistically significant relationship with directive goal ambiguity. The absence of a clear "bottom line" often leads government agencies to issue more rules and directives to control lower levels. Organizational age showed a negative and statistically significant relationship with directive goal ambiguity. As an agency ages, directives to the agency often become more specific because its leaders and external authorities come to have more clear ideas regarding its tasks and responsibilities.

Table 8.11 shows that one EEI component had a statistically significant relationship with directive goal ambiguity. Competing demands from multiple constituencies was negatively associated with the goal ambiguity dimension. This result is in contrast to the notion that the need for compromise among different interests often leads to vague mandates. As mentioned in Chapter 4, the result may be understood in relation to the nature of distributive or clientele politics. The empirical measure of competing demands was the count of the number of interest groups that testified concerning programs of the agency at the House Appropriation Committee hearings. These groups are often considered agency clientele (Meier 2000, p. 77) and, thus, the count of these clientele groups can be deemed as an indicator of how deeply the agency is engaged in clientele or distributive politics. Legislators tend to give less discretion to agencies (i.e., write very specific statutes) when they are involved in distributive politics.

The only MAI subcomponent, managerial capacity, did not show a statistically significant relationship with directive goal ambiguity. One possible reason for this may be related to the empirical measure of the managerial capacity variable. It is hard to expect that resources useful for management activities such as strategic planning and performance measurement will be equally functional in issuing specific rules and regulations in response to vague statutory mandates.

8.3.4 Comparing the components of the goal ambiguity framework

The above discussions suggest that the three components of the goal ambiguity framework have different relative influences on different dimensions of goal ambiguity. As Table 8.9 shows, evaluative goal ambiguity is affected by all of the three components. This suggests that evaluative goal ambiguity is affected not only by the factors inherent in organizations themselves but also by external political factors, and that this difficulty in objective and result-oriented performance assessment can be lessened by managerial efforts. Table 8.10 informs that priority goal ambiguity is influenced by two components—i.e., OC and EEI—but not by MAI. A close look at Tables 8.3 through 8.8 provides more subtle information. Among the two influential components, EEI seems to have much stronger effect on priority goal ambiguity than OC. Priority goal ambiguity seems to be more of a product of external political influences than others. Table 8.11 shows that directive goal ambiguity is affected by OC and EEI, but not by MAI. This is closely in line with the findings of the legislative delegation literature. According to this literature, delegation decisions (i.e., the degree of statutory specificity) is importantly affected by the degree of expertise required and by political considerations. Similar to priority goal ambiguity, directive goal ambiguity is also not affected

by the MAI. One reason for this may be the apparent underspecification of this component. In this study, the MAI component has only one subcomponent, managerial capacity.

In sum, different components display different patterns of relationships with goal ambiguity dimensions, demonstrating the usefulness of the goal ambiguity framework in systematically investigating the determinants of organizational goal ambiguity. OC influences all of the three goal ambiguity dimensions, but its effect seems less prominent in relation to priority goal ambiguity. EEI also affects all of the three goal ambiguity dimensions. However, it seems to have relatively stronger influence on evaluative goal ambiguity and priority goal ambiguity than on directive goal ambiguity. The results of this study show that MAI influences only evaluative goal ambiguity.

8.3.5 Comparing with the previous research

Are the results of this study similar to those reported by Chun and Rainey (2005a)? As Table 4.1 indicates, this study included several additional variables in an effort to better specify goal ambiguity models. A comparison of the two studies reveals that the two studies have generally similar results. Table 8.9 shows that research findings about evaluative goal ambiguity are robust to different specifications in general. However, non-regulatory policy responsibility, which was significantly associated with evaluative goal ambiguity in the Chun and Rainey study, lost statistical significance when additional variables were controlled for. In contrast, organizational age, which was not significant in the Chun and Rainey's evaluative goal ambiguity model, achieved statistical significance in differently specified models. Regarding priority goal ambiguity, Table 8.10 shows that competing demands and non-regulatory responsibility stayed as significant predictors of the goal ambiguity dimension. Financial

publicness and organizational age showed different results across the two studies, however. In relation to the directive goal ambiguity dimension, the research findings are generally robust to the exclusion and inclusion of the additional variables. In Table 8.11, however, one can find that non-regulatory responsibility, which was found to be significant in the Chun and Rainey study, is no longer significant in a different specification. On the other hand, hybrid responsibility achieved statistical significance when this study included additional variables.

In summary, the two studies seem to show generally similar results. This general conformity between the two studies and the significant findings regarding the newly added variables of this study show the value of using the more comprehensive goal ambiguity models.

CHAPTER 9

DISCUSSION AND CONCLUSION

This chapter discusses the research findings of this study and their implications for theory and practice. The general purpose of this study is to improve our understanding of the relationship between the political environment and public organizations. To this purpose, the present study employed a concept, political salience, to represent one important dimension of the political environment of public agencies, and investigated its effects on an organizational characteristic, goal ambiguity. Then, the analysis took into account the agencies' structural insulation from political influence to examine whether it moderated the relationship between political salience and goal ambiguity. The discussion of research findings consists of two parts. The first deals with the "big picture" of this study and discusses how this study contributes to the literature that speaks to the political environment of public organizations. The second part focuses on a more specific theme, goal ambiguity, with particular attention to its relationship with political salience. This chapter also discusses the limitations of this study and provides suggestions for future research.

9.1 The Political Environment of Public Organizations

This study advances the analysis of the political environment of public organizations by introducing political salience as a concept characterizing the political environment of public organizations. A proper understanding of this subject requires, first of all, using clear and

systematic conceptualizations of the political environment. This study also developed empirical measures of this concept that can apply across the broad range of government agencies. The results show that public agencies vary significantly in political salience. Some agencies receive very intensive attention from the political actors. Others, on the other hand, attract little or no attention from the political stakeholders. The present study observed numerous variations between the two extremes as well. The significant differences captured by the measures of political salience reveal the inadequacy of the overgeneralized assertions that public management takes place within a distinctive political context. This implies that we can better understand the political environment of public organizations when we pay more attention to the variations within the “public” category than when we simply concentrate on their common properties. The results supporting all but one of the first set of hypotheses provide further evidence of the value of the political salience concept developed for this study. Political salience might appear to offer at best an indirect measure of political influence or attempts at it, built on the assumption that when political actors devote more attention to an agency, they will seek to influence the agency or otherwise to take action in relation to it. The results, however, seem to support the validity of this assumption, showing that the agency’s political salience to political actors influences the agency’s goal setting. The present study’s successful application of the political salience concept indicates that the concept can be employed usefully for other studies that explore the political environment across a broad range of public agencies.

This study makes a unique contribution to the study of public bureaucracy. The empirical focus of this study is on how the political environment affects organizational characteristics. A review of the literature finds few studies that seek to answer such a question with large samples and empirical measures. Considering the frequent assertions that many of the distinctive features

of public organizations are attributable to the influences from the political environment, it is somewhat surprising that little research has investigated the validity of these assertions. Political scientists have been primarily interested in whether and how political actors can ensure the bureaucratic outputs they prefer, paying little attention to the internal aspects of bureaucracies. A complete picture of the relationship between the political environment and public organizations can be built only when we supply this missing link. The present study found that political salience affects one important organizational characteristic, goal ambiguity. It also showed that the impact of political salience on goal ambiguity can be moderated under certain organizational circumstances. By providing knowledge on the impact of external political influences on organizational characteristics, the present study makes a significant contribution to the study of bureaucracy.

Yet another important feature of this study is explicit incorporation of structural variables into the analysis of public bureaucracy. A proper understanding of administrative behavior requires taking organizational structure into account. Students of bureaucracy, however, do not pay as much attention to this issue as they did in the past (Meier and Krause 2003). It is particularly difficult to find studies that investigate the efficacy of an agency design that is intended to insulate agencies from external political influences. The present study sought to determine whether the impact of political salience on goal ambiguity was moderated by organizational structures with insulating characteristics—that is, with characteristics intended to insulate the agency from “political” influence. Pursuing this type of question has a special bearing on the issue of government reorganization. Ever since the Brownlow Committee Report highlighted the importance of organizational structure in the president’s management of administrative agencies, reorganization has been a significant issue both in practice and

academia. The four insulating structures examined in the present study have been seriously considered in the reorganization debates. The reason is that choices about agency design supposedly have significant consequences for such critical issues as effective presidential management of the bureaucracy, the power relationship between the president and Congress, and the autonomy of administrative agencies. As Thomas (1993, p. 458) points out, however, the literature on government reorganization is “remarkably abstract, both theoretically (assumption-driven) and ideologically (value-driven),” providing few practical implications that can guide reform efforts. The four insulating structures included in this study have been simply assumed to have the effects that insulate government agencies from external political influences (e.g., Lewis 2003; Simon, Thompson, and Smithburg 1991). The present study contributes to a better understanding of government reorganization by providing empirical evidence on the consequences of choosing these insulating structures. Its findings imply that, under certain circumstances, decisions regarding agency design can affect how administrative agencies prioritize their missions and goals.

Research findings regarding the efficacy of insulating structures also have important implications for research on political control of the bureaucracy. Contrary to the general belief that the insulating structures are selected to mitigate presidential influence on administrative agencies, none of the four insulating structures were found to moderate presidential influence on agency goal-setting behavior. This result can be considered in line with the findings from what are called “presidential control” studies in the political control literature. These studies have reported that the president can effectively control federal agencies, including even the most insulated agencies such as independent regulatory commissions (e.g., Cooper and West 1988; Moe 1982; West and Cooper 1989-90). On the other hand, the research findings show that the

same insulating structures, except for institutional location, mitigate congressional influence on policy priorities of administrative agencies. This will come as a surprise to scholars of what is called “congressional dominance,” whose main argument is that Congress has the ability to make administrative agencies susceptible to congressional intervention regardless of differences in organizational characteristics (e.g., Fiorina 1979). The present study’s finding that structurally insulated agencies are less vulnerable to congressional influence than uninsulated ones suggests that the results of “congressional dominance” studies might be challenged when important organizational characteristics are considered in the analyses.

Two aspects of this study make the research findings more generalizable than the extant studies on the political environment of public organizations. First, the present study suggested a more balanced approach to analyzing the relationship by bringing together concepts from political science and organizational theory. The literature that speaks to the relationship has suffered from significant fragmentation in the perceptions of how the political environment influences governmental organizations. The present study attributed this to the researchers’ failure to consider political variables and organizational variables simultaneously. A proper understanding of the relationship cannot be achieved with exclusive attention to one type of variable. Political scientists concentrate on the political environment, but with very limited attention to organizational characteristics. Public administrationists and organization theorists, on the other hand, pay more attention to organizational characteristics but less systematic attention to the political environment. In an effort to minimize alternative explanations, this study considered both types of variables in the analysis of the relationship. It also employed numerous variables that control for important organizational and political characteristics.

In addition, this study expanded the range of bureaucracies studied. Research on the relationship between the political environment and government organizations, especially in the tradition of political science, has been dominated by studies of regulatory agencies. This narrow empirical focus may hinder a proper understanding of the relationship. The present study employed a large sample ($N = 115$) of government agencies. The sample covers not only agencies involved in regulatory activities but also agencies performing other types of activities. Research findings from this study are applicable to agencies involved in various types of policy responsibilities.

9.2 Goal Ambiguity

An additional objective of the present study was to further the analysis of goal ambiguity in public organizations by extending a recent line of studies that conceptualized dimensions of goal ambiguity and identified their antecedents and consequences (Chun and Rainey 2005a; Chun and Rainey 2005b). This section discusses the research findings focusing on how this study contributes to the goal ambiguity literature.

The present study provides evidence that influences from the external political environment are an important cause of goal ambiguity in government organizations. Numerous scholars have attributed goal ambiguity to the influences from the political environment (e.g., Allison 1983; Dahl and Lindblom 1953; Lowi 1979; Lynn 1981; Wildavsky 1979; Wilson 1989), but often with no clear and systematic conceptualization of the political environment and with no empirical evidence derived from a large sample of government agencies. The analysis of 115 federal agencies found that their salience to the president, Congress, and the media related

positively to their evaluative and priority goal ambiguity, thus improving our understanding of the antecedents to goal ambiguity in government organizations.

The positive relationship between political salience and evaluative goal ambiguity merits further discussion in relation to the recent reform efforts that seek to apply rational management techniques in the public sector. The results showed that evaluative goal ambiguity related positively to all of the four measures of political salience. Evaluative goal ambiguity taps the extent to which the management of an organization can develop goals oriented toward results rather than rules and processes. Evaluative goal ambiguity is measured by the proportion of subjective or input-oriented performance indicators as opposed to objective *and* result-oriented performance indicators. The results suggest that stating goals in objective, result-oriented terms will be more difficult for agencies exposed to more influences from the external political environment. On the other hand, agencies relatively isolated from such influences will have advantages in this regard. Such variations in the political environment lead to differences among agencies in their ability to state performance-oriented objectives. Recent reform initiatives, however, fail to take important agency differences into account in applying rational management schemes to government agencies (Bozeman 2000; Radin 2000; Roberts 2000). For example, the current implementation of strategic planning and performance measurement throughout the federal government is based on the simple assumption that all agencies can have result- or outcome-oriented goals through these management activities, regardless of differences among the agencies (Bozeman 2000, p 58-62). The positive relationship between evaluative goal ambiguity and political salience implies that these rational management techniques will be more successful when agency differences are taken into account than when generic, government-wide

strategies are uniformly applied. Failure to align organizational contingencies with management strategy often leads to poor performance (Daft 2001).

The present analysis also shows that priority goal ambiguity relates positively to political salience. Prioritizing organizational purposes is a fundamental challenge for any purposive organization (Simon 1997). A clear hierarchy among multiple goals serves as a framework for planning and controlling activities (Locke and Latham 2002). The results, however, indicate that government agencies exposed to more external political influence have more difficulty in dealing with this management challenge. Scholars have observed that many of the new agendas that external political entities impose on an administrative agency are often inconsistent with the agency's existing goals (e.g., Cooper 1996; Derthick 1990; Kaufman 1981; Radin 2002; Stillman 2004; Wilson 1989). When goals of an organization do not reflect what the organization and outside stakeholders alike consider important, decisions regarding which objective takes precedence over others become complicated. The positive associations between priority goal ambiguity and the four measures of political salience suggest that many of the incompatible tasks pursued simultaneously by an administrative agency can be attributed to the influences from the external political entities.

This study also demonstrated that the impact of political salience on goal ambiguity can be moderated under certain organizational conditions. The results showed that the impact of congressional salience on priority goal ambiguity was moderated by three insulating structures—governance by a board, fixed term(s) for administrators, and party-balancing requirements. This finding suggests the importance of considering the “institutional context” in the analysis of organizational goal-setting. Transaction costs theory suggests that the winning coalition institutes these insulating structures into a new agency to keep the agency policy goals or direction from

being changed by the dominant coalitions of the present and future. The results show that the effectiveness of the congressional effort to influence administrative agencies can be constrained by these strategic decisions made by agency designers.

The overall finding that political salience increases goal ambiguity in public organizations has an important implication for the discussion of bureaucratic pathology. According to Barry Bozeman (2000, p. 46), one general model for explaining bureaucratic pathology is the “goal ambiguity model.” The goal ambiguity model argues that “public organizations have ambiguous goals, and bureaucratic failures result from unclear goals” (p. 47). To the extent that this message of the goal ambiguity model is valid, the present study provides strong justification for the argument that bureaucratic failures cannot be attributed solely to the bureaucracy and bureaucrats. Many bureaucratic problems are not originally bureaucratic problems. Politicians and the news media, however, tend to easily blame the bureaucracy and bureaucrats for any problem related to governmental activities. This analysis clearly shows that goal ambiguity in government organizations can be caused by influences from the external political environment. This study, in this regard, offers important empirical evidence for making a case for the bureaucracy.

This study suggested a framework for analyzing organizational goal ambiguity. The goal ambiguity framework was built on the research findings of the previous research and the insights from the broad literature on public bureaucracy. By providing some conceptual organization, the framework helps us draw a “big picture” of what influences goal ambiguity in public organizations. An application of this framework to the results allows us to go beyond simply analyzing how each antecedent variable relates to goal ambiguity dimensions. The goal ambiguity framework consists of the three components—organizational characteristics (OC),

external environmental influences (EEI), and managerial actions and influences (MAI). As explained in Chapter 8, the three goal ambiguity dimensions show different patterns of relationships with these three components. The patterns found through the framework also provide useful information regarding how each goal ambiguity dimension relates to the diverse literatures on public bureaucracy. For example, the fact that evaluative goal ambiguity is influenced by all of the three components suggests that the research findings regarding this goal ambiguity dimension contribute to the literatures of political science, organization theory, and public management. The patterns also provide insights about research strategies for future studies. The finding that priority goal ambiguity is influenced more importantly by EEI than by the other two components suggests that we can further our understanding of this goal ambiguity dimension by delving more into the political science literature. Of course, the goal ambiguity framework used in this study is not complete. It is oversimplified in many respects, requiring more elaboration. For example, the MAI component, which has only one subcomponent, is clearly underrepresented. Yet the framework allows more meaningful interpretation of the research findings, improving our understanding of goal ambiguity in public organizations.

The goal ambiguity framework also has implications for evaluating the competing perspectives on the influences of different factors that affect organizational goals. Perrow (1967) suggested that goals may be shaped more by the environment than by variables such as technology. Scott (2003, p. 140) contends that organizations vary in the degree to which they are subject to technical controls and to institutional controls. Manufacturing firms, he says, tend to be subject more to the former than the latter, while social and public organizations tend to be subject to institutional influences more than technical ones. These two authors' arguments can be differently expressed drawing on the goal ambiguity framework. Perrow argues that

organizational goals are affected more by the EEI component than by the OC component. On the other hand, Scott asserts that the relative influence between the two components can vary depending on certain organizational contingencies. An application of the framework to the results of this study provides general support for a more complicated version of Scott's perspective. The finding that priority goal ambiguity shows no significant relation to routineness and complexity (i.e., OC subcomponents), coupled with the present study's finding that political salience (i.e., an EEI subcomponent) increases priority goal ambiguity, suggests that environmental variables (i.e., the OC component) have more influence than do organizational variables such as technology (i.e., the EEI component). On directive goal ambiguity and evaluative goal ambiguity, however, the two types of variables show similar levels of influence.

The differences in relative influence of the three components on goal ambiguity also indicate the validity of the idea that organizational goals have different dimensions. Chapter 8 reported, for example, that the EEI component expands the set of priorities or goals with which the agency attempts to cope, but the priorities are not importantly affected by OC or MAI. Evaluative goal ambiguity, on the other hand, is influenced by all of the three components. Organizational goals should be analyzed by an approach that goes beyond treating organizational goals as a single concept. In this sense, the recent line of goal ambiguity studies, including the present study, shows progress toward a better approach to analyzing organizational goals.

9.3 Limitations and Future Research

This study is not without limitations. The limitations of the present study need to be discussed in ways that provide suggestions for future research.

One limitation concerns the cross-sectional design of this analysis. The cross-sectional nature of the data of this study can make its research findings time specific. This may be more of a problem with political variables than with other variables. The four political salience variables were measured using data from 1996-1997. This period is politically characterized by a Democratic Presidency and a Republican Congress. Scholars of American politics have seriously considered the party affiliation of the president and the type of government (unified vs. divided) in analyzing the practice of American politics. Several questions can be raised in this regard. For example, presidents with different party affiliations might show different patterns of attention to administrative agencies. One can also argue that the interbranch competition for the control of the bureaucracy will be less intense under a unified government than under divided government. These possibilities may make the research findings of this study less generalizable to other time periods. Even though the practical need for collecting data on many variables and from a large group of subjects justifies the use of a cross-sectional design by this study (O'Sullivan and Rassel 1999), efforts at collecting data representing other time periods are needed for more generalizable research findings (Babbie 2001). Future studies that replicate this study using data from a different period of time, specifically from the ones that represent different political settings, would be very promising in this regard.

In relation to the above discussion, updating data sources for measuring evaluative goal ambiguity is also necessary. The data for measuring this goal ambiguity dimension came from the strategic plans and performance reports each federal agency released during 1998-2000 as required by the Government Performance and Results Act (GPRA). These GPRA documents were assumed to reflect the variations among federal agencies in the ability to develop and use result-oriented measures over process- or input-oriented ones. As a Government Accountability

Office (GAO) report (2004) shows, however, many federal agencies have significantly improved in this ability over the last few years. It is critical to check whether this is the case, especially for the federal agencies with high levels of evaluative goal ambiguity. The reason is that minimized differences among agencies might bring significantly different research findings. Reassessing the evaluative goal ambiguity of federal agencies by drawing on the most recent GPRA documents is critical for more robust research findings. With comparable results between two temporal points, one can claim that the research findings of this study are consistent.

The composition of the sample needs to be discussed as well. The sample of this study is composed exclusively of federal agencies. Federal agencies have unique institutional contexts that distinguish them from government agencies at lower levels. For example, direct governmental provision of goods and services is much more common at the state and local levels than at the federal level (Leman 2002). Having a more direct relationship with citizens allows more capacity to achieve clarity of purpose (Ingraham, Joyce, and Donahue 2003). In addition, Ingraham, Joyce, and Donahue (2003) point out that some forms of government have inherently more institutional capacity for achieving clarity of purpose than other forms of government. One can expect that setting clear goals is less difficult for council-manager governments than for governments where power is more fragmented and shared (p. 124). Differences in such critical aspects may make the findings of this study less generalizable to other governmental settings. In this vein, a fruitful future effort would be to replicate this study at different levels of government. Many state and local governments are seriously committed to strategic planning and performance measurement (Streib and Poister 1999), making systematic intergovernmental comparisons possible. For example, states such as Arizona periodically release strategic plans and performance reports that are comparable to the ones federal agencies produce as required by the

GPRA. It will be interesting to investigate whether the political variables are still important predictors of goal ambiguity in government organizations at lower levels.

The political environment variables developed for this analysis have room for further improvement. Political salience, which the present study employed because of the practical need to gather data on multiple political entities from a large group of subjects, is a somewhat remote measure of political influence or attempts at it. Political salience of an agency was measured by simply counting the number of relevant documents where the agency name was mentioned. The four empirical measures of political salience used in this analysis do not provide information on the nature of attention each political entity allocates to the agency. Political actors' attention to the agency can have a variety of purposes, ranging from political support to political control or oversight. These different purposes of attention may have different effects on the agency. For example, attention for the purpose of political control or oversight may make it complicated for the agency to prioritize its objectives and tasks, while attention intended as support for an agency may influence the agency in a way that minimizes the confusion about what their priorities should be. Moreover, this study also does not have a variable that captures the degree of conflict among different political actors surrounding the agency and its activities, which represents one important dimension of the political environment of the agency. Developing more direct political variables that conceptualize a more diverse spectrum of the political environment and measuring the dimensions with empirical data will contribute to a more sophisticated understanding of how the political environment influences public organizations.

One important purpose of this study is to investigate whether the impact of the political environment on public organizations can be conditioned by certain organizational characteristics. For this purpose, the present study tested whether the impact of political salience on priority goal

ambiguity was moderated by four insulating structures. Our understanding of this issue can be further enhanced by extending our empirical focus to include more organizational contingencies with insulating features. Scholars have suggested many such contingencies other than agency design, including resources (Pfeffer and Salancik 1978), organizational culture (Wilson 1989), clientele support (Rourke 1984), and organizational technology (Scott 2003). For example, Simon and his colleagues (1991) noted that organizations with high levels of self-sufficiency in resources such as personnel and budgeting would be less susceptible to external influences. In a similar vein, Meier (2000) identifies three internal characteristics of a public agency that affect the agency's political power—knowledge, cohesion, and leadership. Research findings regarding how these different organizational contingencies condition the impact of the political environment on public organizations will have an important bearing on the issue of organizational autonomy, which has attracted much attention from different disciplines such as public administration, political science, and organizational theory.

The present study did not consider in the analysis the multi-actor policy implementation setting, which has become more and more common in the business of government organizations (Hall and O'Toole 2000; Kettl 2002; O'Toole 1997a). This is largely due to the complexity in objectively measuring and quantifying the extent to which an administrative agency is involved in a networked policy implementation environment. The networked environment, however, should have implications for the goals of a public agency and the agency's relationship with the larger political environment. For an administrative agency, the networked environment expands the scope of policy actors that the agency's leaders and personnel have to deal with, increasing the need to compromise and accommodate divergent interests. One can expect that the need for compromise and bargaining will influence the agency in a way to affect its goal setting. The

network context means less hierarchical administration for the production of bureaucratic outputs (O'Toole 1997b). Multi-actor settings, however, may also imply less hierarchical relationships with democratic political institutions such as the chief executive and the legislature. In the network context, administrative agencies should be responsive to not only these two political entities but also other stakeholders for successful service production and delivery. The complexity inherent in multi-actor implementation settings can mitigate the accountability relationships between democratic political institutions and administrative agencies. In this way, the networked implementation environment can affect critical organizational aspects such as goals and the relationship with external political environment. Future research will have to explore these possibilities.

In relation to the above discussion, more efforts should be made for a better understanding of the antecedents to organizational goal ambiguity. This study advanced the goal ambiguity research by identifying additional important antecedents to goal ambiguity and suggesting a goal ambiguity framework that provides conceptual organization. A comparison between Figure 4.1 and the goal ambiguity framework used in this study, however, demonstrates that there are still a lot of variables yet to be considered in the analysis of determinants of organizational goal ambiguity. The broad literature on public bureaucracy provides many insights about the factors that can affect organizational goal ambiguity. A recent analysis of the management of 234 federal programs, for example, revealed that senior executives are more capable of setting annual and long-term program goals than political appointees requiring Senate confirmation, implying that leadership quality may importantly relate to evaluative goal ambiguity (Gilmour and Lewis 2006). Studies document the cases where the courts affect administrative agencies' priority settings (e.g., O'Leary 1994; Meier 2000, p. 139; Wilson 1989,

p. 282), indicating the need for considering the court in the goal ambiguity analysis as an important component of the external environmental influences. As noted above, the literature on policy implementation also calls for serious attention. These and other possibilities should be tested in future studies to broaden the scope of our knowledge on organizational goal ambiguity. Among the three components of the goal ambiguity framework, the managerial actions and influences (MAI) component requires more attention than the others. The MAI component is clearly underspecified in the goal ambiguity framework advanced in this study: Only one MAI subcomponent was included in this analysis. In addition, more knowledge regarding the MAI component is required because management can be the “leverage point” for reducing organizational goal ambiguity. The literature suggests that confusion about organizational purpose can be reduced through diverse managerial actions and leadership practices such as setting effective communication strategies (e.g., Garnett 1992), exercising integrative leadership (e.g., Ingraham, Joyce, and Donahue 2003), and managing stability (e.g., Mintzberg 1989, p.39). Research findings about these potential MAI subcomponents will provide practical information to policy makers and public managers regarding the strategies for minimizing the confusion about organizational goals and priorities for organizational members and external stakeholders. Efforts at better specifying the MAI component will be very promising in this regard.

Lastly, this study supports the need for future studies to expand the scope of dependent variables to include more organizational characteristics in the analysis of how the political environment influences public organizations. There is a dearth of studies that explore with large samples how organizational aspects of government agencies reflect their relationships with the external political environment. Researchers have reported that public sector status is associated with diverse organizational characteristics such as formalization, centralization, strategy, and red

tape. Simple public status, however, tells little about the significant variations among public agencies in the political contexts in which they operate and, thus, nothing about whether differences in the agencies' political environments lead to differences in these organizational dimensions. The present study is one of a few studies that attempt to associate variations in the political environment with differences in certain organizational variables with large samples of government organizations. This study focused on organizational goals and investigated how differences in goal attributes relate to variations in the political context. Public agencies vary in many other important aspects such as structure, decision-making processes, incentives, and culture. Efforts at systematically explaining how differences in the political context relate to differences in these other aspects will contribute to more advanced knowledge of the relationship between the political environment and public organizations.

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APPENDIX A

LIST OF THE SAMPLE FEDERAL AGENCIES

Department of Agriculture (N = 13)

Agricultural Marketing Service
Agricultural Research Service
Animal and Plant Health Inspection Service
Economic Research Service
Foreign Agricultural Service
Farm Service Agency
Food, Nutrition and Consumer Services
Forest Service
Food Safety and Inspection Service
Grain Inspection, Packers, and Stockyards Administration
National Agricultural Statistics Service
Natural Resources Conservation Service
Rural Development

Department of Commerce (N = 10)

Bureau of Economic Analysis
Bureau of Export Administration
Bureau of the Census
Economic Development Administration
International Trade Administration
National Institute of Standards and Technology
National Technical Information Service

National Oceanic and Atmospheric Administration
Patent and Trademark Office
National Telecommunications and Information Administration

Department of Education (N = 1)

Department of Energy (N = 1)

Department of Health and Human Services (N = 10)

Administration for Children and Families
Agency for Health Care Policy and Research
Agency for Toxic Substances and Disease Registry
Centers for Disease Control and Prevention
Health Care Financing Administration
Food and Drug Administration
Health Resources and Services Administration
Indian Health Service
National Institutes of Health
Substance Abuse and Mental Health Services Administration

Department of Housing and Urban Development (N = 1)

Department of Interior (N = 8)

Bureau of Indian Affairs
Bureau of Land Management
Bureau of Reclamation
Geological Survey
Minerals Management Service
National Park Service

Office of Surface Mining Reclamation and Enforcement
United States Fish and Wildlife Service

Department of Justice (N = 5)

Bureau of Prisons
Drug Enforcement Administration
Federal Bureau of Investigation
Immigration and Naturalization Service
United States Marshals Service

Department of Labor (N = 7)

Bureau of Labor Statistics
Employment Standards Administration
Employment and Training Administration
Mine Safety and Health Administration
Occupational Safety and Health Administration
Pension and Welfare Benefits Administration
Veterans' Employment and Training Service

Department of State (N = 1)

Department of Transportation (N = 8)

Federal Aviation Administration
Federal Highway Administration
Federal Railroad Administration
Federal Transit Administration
Maritime Administration
National Highway Traffic Safety Administration

Research and Special Programs Administration
United States Coast Guard

Department of Treasury (N = 11)

Bureau of Alcohol, Tobacco, and Firearms
Bureau of Engraving and Printing
Bureau of the Public Debt
Financial Management Service
Federal Law Enforcement Training Center
Internal Revenue Service
Office of the Comptroller of the Currency
Office of Thrift Supervision
United States Customs Service
United States Mint
United States Secret Service

Department of Veteran's Affairs (N = 3)

National Cemetery System
Veterans Benefits Administration
Veterans Health Administration

Independent Agencies (N = 36)

Consumer Product Safety Commission
Commodity Futures Trading Commission
Corporation for National and Community Service
Equal Employment Opportunity Commission
Export Import Bank of the United States
Environmental Protection Agency

Farm Credit Administration
Federal Communications Commission
Federal Deposit Insurance Corporation
Federal Election Commission
Federal Emergency Management Agency
Federal Labor Relations Authority
Federal Mediation and Conciliation Service
Federal Reserve System
Federal Trade Commission
General Services Administration
Merit Systems Protection Board
National Archives and Records Administration
National Aeronautics and Space Administration
National Credit Union Administration
National Labor Relations Board
Nuclear Regulatory Commission
National Science Foundation
National Transportation Safety Board
Office of Management and Budget
Office of Personnel Management
Peace Corps
Pension Benefit Guaranty Corporation
Railroad Retirement Board
Small Business Administration
Securities and Exchange Commission
Social Security Administration
Tennessee Valley Authority
United States Agency for International Development
United States International Trade Commission
United States Postal Service

APPENDIX B

CRITERIA FOR CLASSIFYING PERFORMANCE INDICATORS

| Type | Definition |
|---|--|
| Objective indicators | <p>(1) those with numerical levels of performance target; and (2) those based on descriptive narratives anchored to physically observable conditions or events</p> <p>Examples:</p> <ul style="list-style-type: none"> Number of railroad-related fatalities and injuries in the fiscal year Annual growth rate of the Gross Domestic Product Number of the agency's Web site accesses per day Safe return of a space shuttle to Earth No armed conflicts in the Korean peninsula |
| Subjective indicators | <p>(1) those without numerical levels of performance target; (2) those quantified through officials' self-assessments; and (3) those based on descriptive narratives without being anchored to physically observable conditions or events</p> <p>Examples:</p> <ul style="list-style-type: none"> Successful identification of terrorist threats Full compliance with a particular act Number of parks in good or improved condition Successful completion of the first phase of a particular study Status of global agreement to minimize transboundary pollution |
| Workload-oriented indicators | <p>(1) those of the quantity of work completed by the agency; (2) those of the quantity and quality of input resources; (3) those of the quantity of managerial work without any proven connection to outcome and productivity measures</p> <p>Examples:</p> <ul style="list-style-type: none"> Number of inspections conducted Employee job satisfaction ratings Percentage of employees who are female Rate of compliance with a regulatory standard for safety facilities Number of training sessions |
| Results-oriented indicators | <p>(1) those of the amount and/or the frequency of events, occurrences, or conditions outside the work or program itself and of direct importance to clients or the public; (2) those of the quality of work completed by the agency; (3) those of cost-saving, unit-cost, or productivity, i.e., input-output ratio; (4) those of intermediate outcomes that are proven to lead to a desired end but not an end in itself; and (5) those of the quantity of managerial work with proven connection to outcome and productivity measures</p> <p>Examples:</p> <ul style="list-style-type: none"> Number of aviation accidents in the fiscal year Customer satisfaction ratings Percentage of first-class mail on time Number of completed cases per employee in the fiscal year Number of patents or publications in peer-reviewed journals |
| Source: Chun and Rainey (2005a), p. 25. | |