



Managerial quality, administrative performance and trust in governance revisited

A follow-up study of causality

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Abstract *Reports on a follow-up study of the relationship between managerial quality, administrative performance and citizens' trust in government and in public administration systems. The study was based on a survey of 502 Israeli citizens conducted during 2002 and was compared with a similar study that was conducted during 2001 among 345 Israeli citizens. The research tried to validate and replicate previous findings on the question of causality between performance and trust. As in the 2001 survey the technique of structural equation modeling with LISREL 8.3 was applied to test three competing models that were similar to those tested in the past. The present findings were very consistent with the previous ones found by the authors showing that the second model was the best fit with the data. According to this model managerial quality leads to administrative performance and ultimately to trust in governance. The findings support previous assumptions that administrative performance may be treated as a precondition to trust in governance rather than trust serving as the precondition to performance.*

Introduction

Relating managerial quality, performance and trust in governance is an ambitious task. It involves knowledge from several related but separate disciplines such as political science, political psychology, policy analysis, management and public administration. Similarly, there are at least two different approaches to the study of the citizens' role in society. The first approach treats citizens as political creatures who, for example, act as voters, protesters or members of political institutions (e.g. Nye *et al.*, 1997; Verba *et al.*, 1995). The second approach views citizens as clients of governments, as part of the emerging business-like public environment, or as those who act like customers in the marketplace of the state (e.g. Osborne and Gaebler, 1992; Pollitt, 1988). According to Hirschman (1970) the political orientations of citizens can be defined as "voice" activities, while their business orientation is more of an "exit" activity in that it allows the citizen-as-customer to make rational choices and move freely among service providers.

As the vast majority of the political science literature points out, most citizens are not willing to take an active part in political life or in political decision making. Citizens have a varying level of knowledge about, and interest



in, politics, both of which are generally rather low. Consequently researchers agree that politics occupies a very small part of the majority of most citizens' daily routine (Almond and Verba, 1963; Berelson *et al.*, 1954; Campbell *et al.*, 1960; Hibbing and Theiss-Morse, 2002; Milbrath, 1981; Miller and Shanks, 1996). Yet, citizens must live in a political environment that operates within an economic realm. Therefore, it is practically impossible for them to ignore the service aspect of their world. Governments are politically created entities whose essential duty is as much to safeguard the lives of their citizens as it is to provide them with various public goods and services. Thus, the tension between the political demands on the state and the pressures on it to function in a business-like manner, elsewhere defined as a democratic-bureaucratic conflict (Thompson, 1983), is one of the most interesting and provocative issues in contemporary social debate.

Moreover, citizens tend to leave the process of political decision making and its implementation in the hands of the government and the public servants. This hands-off approach is particularly remarkable because it is the citizens who finance the government and its programs and expect to profit from or enjoy appropriate civil services and quality public goods. Therefore, citizens hope for public services that are flexible and responsive to their different and varied needs (Chi, 1999). Still, a question remains regarding the order in which these developments occur. Does the political environment impact the economic realm or does the economic environment dictate what type of political system is created? Can we explain citizens' trust in government by using performance indicators as a measurement of the public sector? Or is there an alternative explanation that coheres better with the reality that an increase in the citizens' level of trust in the government may lead to higher evaluations of public sector performance? As recently suggested by Ulbig (2002) studies linking trust in government to other variables including policy outputs or outcomes have given, at best, mixed results. Hence, this paper examines the above questions and is designed as a follow-up study to our previous discussion of the same issue (Vigoda and Yuval, 2003). Its main goal is to validate our past results using a comparative strategy and an original and more recent data set.

Theoretical rationality

Bringing bureaucracy and democracy together

What are the essential ingredients for building strong, stable, and healthy democracies? There are many answers to this question but when studying the link between democracy and bureaucracy, we can identify at least three such ingredients. First, public institutions need to fulfill their core duty of providing services to the people. In order to do this they need to develop and maintain professional staff, methods and tools that increase their responsiveness to their citizens. Second, citizens must indicate that they are satisfied with these institutions and public sector services, as this satisfaction is the prime indicator

of a bureaucracy that is functioning effectively. Third, and most important, such performance and satisfaction need to be in line with peoples' political attitudes toward governance, especially their level of trust in the government (Miller and Listhough, 1998).

Moreover, as customers of public services, citizens tend to generalize their attitudes towards decision-makers and public institutions as well as toward any specific person who they encounter in such agencies. Yet most surprisingly, in many modern democracies the public expresses a great deal of dissatisfaction with public administration. Studies conducted in different countries, using various means and methods, repeatedly conclude that in general, the public trust in government and its administrative branches is low (Pharr, 1997), that people are usually dissatisfied with public services (Nye *et al.*, 1997, pp. 1-18), and that many times the level of government responsiveness is poor (Vigoda, 2000). Modern public administration thus encourages the use of satisfaction measures as part of performance evaluations both inside public agencies and around them (e.g. Poister and Henry, 1994; Swindell and Kelly, 2000). It should also be noted that this strategy has been adopted despite some limitations it has and some criticism it needs to address (Stipak, 1979, 1980).

The relationship between political trust and economic indicators of performance and citizens-clients' satisfaction is also elusive. For example, Americans' trust in their government dropped in the late 1960s (Nye *et al.*, 1997) despite the economic stability during that time period. Many American scholars are similarly worried about the declining trend in Americans' trust in public institutions that had been briefly renewed during the 1990s (Citrin and Luks, 2001). Neither stability in foreign affairs (the end of the Cold War), nor economic strength were enough to shore up Americans' trust in governmental institutions (Hibbing and Theiss-Morse, 2001). Nevertheless, there have been some fluctuations in public trust, such as during the period after the terror attack of September 11, which dramatically increased the level of trust in the government (Hibbing and Theiss-Morse, 2002).

The American people are not alone in this trend. Findings from Eastern European countries show a very similar picture. A comparative study from Norway, Sweden and the USA between 1964 and 1986 found all three countries suffer from a decrease in public trust in government (Miller and Listhough, 1990), yet satisfaction with public services is usually high. The same evidence has been found in Britain, Italy, Belgium, Spain, The Netherlands and Ireland (Nye *et al.*, 1997). Canadian political institutions as well suffer from this tendency to mistrust the government (Adams and Lennon, 1992), and Pharr (1997) describes the deep crises of trust that plague the government and public administration in Japan. This level of mistrust is particularly noteworthy, as both Canada and Japan maintain highly successful economies offering modern services to their citizens. This phenomenon has not skipped over the

post-communist countries in Europe (Mishler and Rose, 1997), nor has it spared Israel (Vigoda and Yuval, 2003).

Thus, Citrin (1974, p. 973) suggested that “political élites produce policies; in exchange, they receive trust from citizens satisfied with these policies and cynicism from those who are disappointed”. However, the exact interrelationship between the outcomes of bureaucracy and the outcomes of democracy is still vague. It seems that there is a linkage between policies and their economic outputs and other political indicators of trust and faith in government (i.e. Citrin, 1974; King, 1997; Lane, 1965). The exact nature of that relationship and its causality, however, remains unclear.

The question of causality

Many of the above studies have concentrated on the level of trust in government and its public branches in general and have offered a variety of explanations for the mistrust of government: personal socio-economic status, national political and economic stability, and mass media formulated public opinion concerns about public institutions. However, the most fundamental explanation advanced in many studies was dissatisfaction with services, both in terms of the policy and ideology underlying the services, as well as with the procedures, processes and responsiveness of the agencies administering the services, and ultimately with their results (Hibbing and Theiss-Morse, 2001; Nye *et al.*, 1997). These studies and others focus on the need for reforms and improvements in public administration systems. They are based on a number of core fundamentals, such as managerial quality, administrative performance or government responsiveness. To date, many of these studies have focused on one or more of these themes (usually managerial quality or performance or trust) and have shown how each may strengthen our understanding of administrative and political environments.

Nonetheless, quite surprisingly, there has been little effort to investigate the more specific relationships in this context. Is it really the performance of public administration that impacts citizens' trust or mistrust in governance? Is it possible that, for example, trust in governments has an impact on citizens' attitudes towards the performance of governments? Several previous studies have taken issue with this idea (e.g. Bouckaert and Van de Walle, 2001; Van de Walle and Bouckaert, 2003; Vigoda, 2002a; Vigoda and Yuval, 2003) illuminating some directions for future studies. Nonetheless, the relatively limited empirical data in this field has prevented us from finding clear answers to this question. In recent years, and with the emergence of more sophisticated statistical tools we are better able to assess causality, if it exists, among such variables. Structural equation modeling (SEM) is one such tool that can be used to provide us with more reliable answers to the question of causality. The SEM technique of testing a hypothetical model against alternative models and

against a situation of “no relationship” also makes it an ideal tool for our purposes in this study.

Reassessing the paradox of bureaucracy and democracy through performance and trust

In this study we decided to examine the same theoretical models that were suggested in our previous study (Vigoda and Yuval, 2003), but to conduct this test on a new survey of citizens in order to provide comparative insights into our theory and findings. The models were also inspired by the work of Van de Walle and Bouckaert (2003) who suggested a test of causality between satisfaction and trust in government. The three models are presented in Figure 1.

The models portray three major relationships among the research variables:

- (1) Trust in government leads to higher levels of perceived administrative performance, specifically with regard to responsiveness and citizens' satisfaction.
- (2) Perceived administrative performance (responsiveness and citizens' satisfaction) leads to higher levels of trust in government.
- (3) Trust in government is affected independently by responsiveness and satisfaction, yet responsiveness also has a clear effect on citizens' satisfaction.

The rationality for the models was first introduced in our previous study, but for reasons of clarity will be mentioned here as well.

According to model 1, trust in government and in public administration mediates the relationship between managerial quality and the two components of administrative performance (responsiveness and citizens' satisfaction). This model follows the line of thinking adopted by Citrin and Muste (1999) and Ruscio (1997). Managerial quality is represented here by four sub-constructs, namely human quality (HQ), transparency and accountability (TA), morality and ethics (ME) and innovation and creativity (CA). The model predicts that higher levels of managerial quality lead to more trust in governance and thus to better performance. According to this idea, governmental responsiveness and satisfaction regarding services received are possible consequences of political faith and trust among the people. Such viewpoints flourish in a stable and trustworthy environment where citizens have positive attitudes toward state leaders and public officers.

Model 2 represents the alternative idea that managerial quality affects administrative performance, leading to higher levels of citizens' trust in government and in public administration. As noted in our earlier work this model is more in line with the view of Erber and Lau (1990) as well as Nye *et al.* (1997) who treat political trust among citizens as another consequence of the operation of the state and its administrative branches. In fact, this is the more

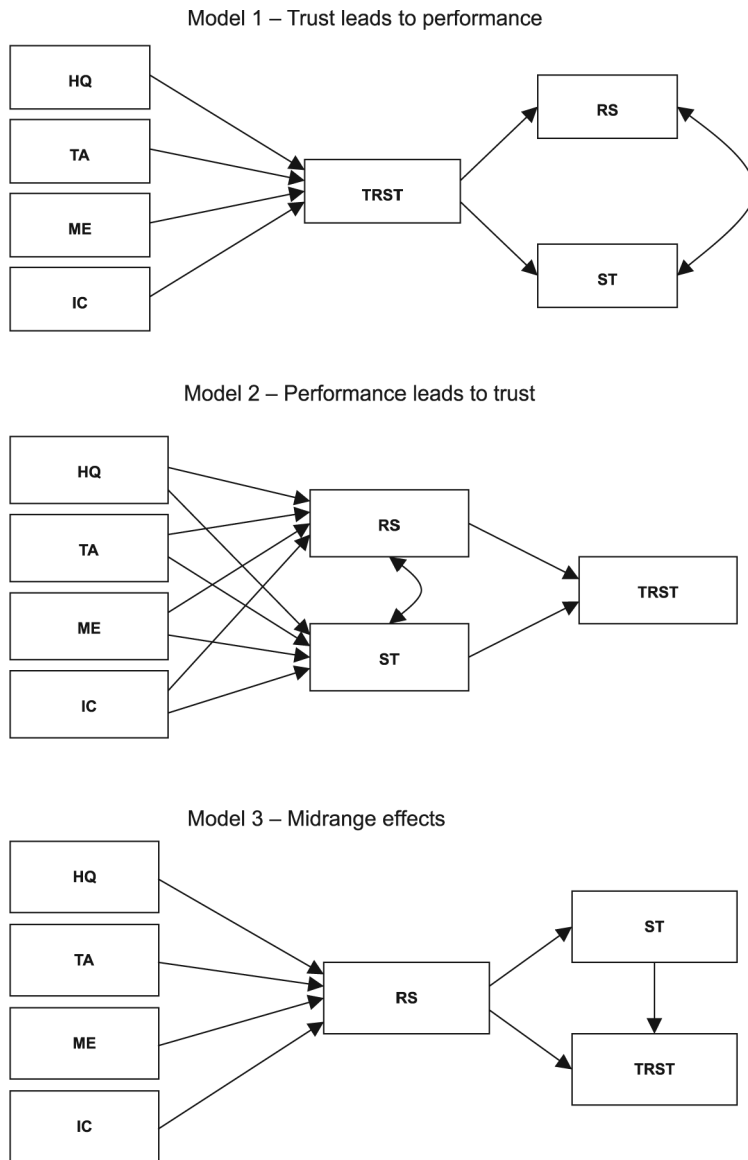


Figure 1. The research models

prevalent view in political science and has been adopted by Verba *et al.* (1995). To create trust in government and in the public service, state leaders and public officers need to improve outputs and outcomes to a level that builds a positive image of the government and provides satisfaction for its people. Only then can a real level of trust be achieved, a level necessary to support the democratic foundations of the state.

In addition to models 1 and 2, model 3 offers a more complex pattern of relationships. As with models 1 and 2, this model also assumes that responsiveness and satisfaction are aspects of administrative performance that need to be treated separately. Moreover, as indicated in model 2, trust is again suggested as a dependent variable resulting from administrative performance. However, unlike model 2, this model distinguishes between the two sub-scales of administrative performance to create an additional midrange effect where responsiveness directly leads to satisfaction. This contrasts sharply with model 2, which hypothesizes only a general correlation between these factors. Thus, a clear causal path is delineated where citizens' satisfaction results from governmental responsiveness. It is this satisfaction to responsiveness alone that may lead to changes in the peoples' level of trust.

Method

This study was designed as a follow-up examination of our findings from the year 2001. The 2002 survey, however, was broader and more ambitious than the survey of 2001, encompassing 502 Israeli citizens compared with only 345 in the year 2001. Individuals were randomly selected to complete a questionnaire with a variety of variables. Research tools were similar in both years, and respondents were asked to evaluate the performance of public administration and state agencies in a variety of fields and according to multiple criteria. Participation in both surveys was voluntary, and we used a direct return method that set the overall return rate at 88.2 percent (91 percent in 2001 and 87 percent in 2002). Half of the sample, 50.1 percent, were male, 34.8 percent were married and the average age was 31.1 years (SD = 9.94). Demographically, 27.4 percent were new immigrants (less than ten years in the country) and 71 percent were Jews. Ethically, 28.2 percent defined themselves as "*Ashkenazim*" (Jews with roots in Europe, America or Australia), 16.9 percent as "*Sefaradim*" (Jews originating from Africa and Asia) and 37.6 percent as "native Israelis." In the area of education 23.9 percent had an elementary or a high school education, and 47.5 percent had a bachelor's degree. Finally, 63.5 percent had a low monthly net income (up to NIS4,000/\$900), 25.4 percent had an average income (NIS4,000-7,000/\$900-1,600), and 11.2 percent had a high income (above NIS7,000/\$1,600). Note also that the profiles of the participants in the 2001 and 2002 surveys were very similar, allowing us to make better generalizations from and about the research models.

Measures

This follow-up study used measures similar to those employed in the original study (Vigoda and Yuval, 2003), providing us with an error free tool with which to compare the previous study:

- *HQ*. This variable refers to the professionalism and quality of public personnel (e.g. Hart and Grant, 1989; Holzer, 1989; Holzer and Rabin, 1987;

Staats, 1988; Vigoda, 2000) and was examined using two sets of six items taken from two sub-scales that measured the quality of the administrative leadership and the quality of the employees. Sample items included: "Public leadership and senior management in the Israeli public service are well qualified and have high professional standards," and "Employees of the Israeli public service are professionals and highly qualified." Respondents were asked to provide their attitudes on a five-point scale from 1 (strongly disagree) to 5 (strongly agree). Internal reliability of the overall six-item scale was 0.87 in each of the samples.

- *TA*. This variable represents the acceptance of criticism, a sincere desire to improve poorly functioning programs or performance in state services, and a willingness to be exposed to outside evaluators in order to improve future results (Finkelstein, 2000; Halachmi, 2002). It was measured by five items including statements such as: "Israeli public administration takes public criticism and suggestions for improvement seriously" and "Today, more than ever before, the public system is willing to be exposed to the public and to the media." Respondents were asked to provide their attitudes on a five-point scale from 1 (strongly disagree) to 5 (strongly agree). Internal reliability of the overall scale in the 2002 sample was 0.85 compared with 0.84 in the 2001 sample.
- *ME*. This variable describes general attitudes towards ethics, morality and the fairness of civil servants (DeLeon, 1996; Gawthrop, 1976; Lui and Cooper, 1997; Richardson and Nigro, 1991; Suzuki, 1995; Wilenski, 1980). It consists of three items: "In Israeli public administration, most civil servants are impartial and honest"; "Citizens of this country receive fair and equal treatment from public officials"; and "In Israeli public administration, deviations from moral norms are rare." Respondents were asked to report the degree to which they agreed with these items. The scale ranged from 1 (strongly disagree) to 5 (strongly agree) with higher scores representing a more positive (moral and ethical) view of the public service. Internal reliability of this variable was 0.78 in the 2002 sample and 0.77 in the 2001 sample.
- *IC*. This variable reflects entrepreneurial actions, flexibility, the willingness to adopt new ideas, and the initiation of original enterprises by public servants in order to improve services to the people (Golembiewski and Vigoda, 2000; Schall, 1997). It was measured by a three-item scale: "Israeli public administration formulates promising new ideas which improve citizens' quality of life"; "Compared with other countries, Israel occupies a leading position in developing useful projects for the public"; and "Advanced technology is involved in improving the quality of service in this country". Respondents were asked to report the degree to which they agreed with the items on a scale from 1 (strongly

disagree) to 5 (strongly agree). Internal reliability of this variable was 0.76 in the 2002 sample and 0.77 in the 2001 sample.

- *Trust in government and in public administration (TRST)*: Trust in government and in public administration refers to the level of confidence citizens have in state authorities and in administrative branches of various kinds (Citrin and Muste, 1999). Respondents were provided with a list of 18 state agencies and public organizations (e.g. the Ministry of Health, public hospitals, the judiciary system, police and prisons, the public broadcasting system, the Ministry of Transportation, the state comptroller's office, the central bank etc.) They were asked to indicate how much trust they had in each of them on a five-point scale from 1 (very low trust) to 5 (very high trust). Internal reliability of this scale was 0.81 in both samples.
- *Responsiveness (RS)*. Responsiveness refers directly to the accuracy and speed of public sector reaction to citizens' demands (Thomas and Palfrey, 1996). This variable was measured by four items, including statements such as: "Israeli public administration responds to public requests quickly"; and "Israeli public administration is efficient and provides quality solutions for public needs." Respondents were asked to report the degree to which they agreed with the items. The response scale ranged from 1 (strongly disagree) to 5 (strongly agree). Internal reliability of the scale was 0.86 in the 2002 sample and 0.88 in the 2001 sample.
- *Citizens' dissatisfaction (ST)*. This variable assembled detailed information regarding citizens' satisfaction with various public services on the national and local level. Respondents were given a list of public institutions and organizations that deliver different services. They were asked to report how satisfied they were with the treatment they had received either when they personally visited the departments or contacted them by phone. As with the original study, a wide range of services was examined (i.e. healthcare, social services, police, transportation, etc.). Internal reliability of the scale was 0.87 in the 2002 sample and 0.85 in the 2001 sample.

Data analysis

As in the original study, a SEM with LISREL 8.3 was applied for the assessment of three competing models. The SEM technique is a statistical method especially designed to test competing models in the social sciences. It is based on the idea and rationality of several statistical techniques and especially on path analysis. As Mueller (1996) argues, its roots can be traced back to the first half of the twentieth century when various other statistical techniques like factor analysis and path analysis were introduced. However, it was not until the 1970s that a comprehensive SEM technique was presented by Joreskog and Van Thillo (1973) and Joreskog (1977). Over the years, SEM has become a

well-established and respected data analysis method, incorporating many other traditional techniques, and the LISREL software package makes the application of SEM very convenient. Mueller (1996, p. vii) suggests that the major advantage of SEM is that it can provide a bridge between the theoretical and empirical aspects of behavioral research. Interpretations of SEM analysis can assist in understanding aspects of social and behavioral phenomena if four conditions are met:

- (1) a “good” initial model is conceptualized, based on a sound underlying substantive theory;
- (2) appropriate data are collected to estimate the unknown population parameters;
- (3) the fit of those data to the a priori hypothesized model is assessed; and
- (4) if theoretically justified, the initial model is modified appropriately should evidence of lack-to-fit and model misspecification arise.

Hence, we found the SEM technique applicable for our purposes in this study. Most importantly we used it to test the quality of three alternative models in an attempt to discern which one of them fits best with reality. Practically, a covariance matrix served as an input for the path analysis. It was built upon seven factors that were also included in our models, namely: HQ, TA, ME, IC, RS, ST and TRST. As in the original study, we treated the multi-item scales as single indicators of each construct. Accordingly, we also corrected for measurement errors in the models in the same manner that was reported in the original study and in the work of Bollen (1989).

Seven indices were used to assess the fit of the models. The first two were chi-square tests (a low and non-significant value of the chi-square represents a good fit to the data) and the ratio of the model chi-square to degrees of freedom (a ratio up to 2 was considered a satisfactory value). In accordance with other studies (Bentler, 1990; Bentler and Bonett, 1980; Bollen, 1989; Medsker *et al.*, 1994), we also used the relative fit index (RFI), the comparative fit index (CFI), the normed fit index (NFI), the non-normed fit index (NNFI), and the goodness of fit index (GFI). The closer the value of RFI, CFI, NFI, and NNFI to 1, the better is the fit. GFI, which measures how much better the model fits than no model at all should be between 0 and 1, and a value higher than 0.90 is considered very good. In addition, to determine the superiority of one model over another, we also considered path coefficients that indicate the quality of the chosen alternative as a “correct causal model.” Joreskog and Sorbom (1994) defined this as the “plausibility criterion.” This criterion means that the path coefficients in the plausible better-fit model adhere well to the general theoretical conception and to the hypotheses. This adherence should hold in terms of magnitude as well as in the expected directions. Accordingly, a model that fits the data well, but many of whose theoretical paths do not support the theoretical arguments, cannot be defined as correct. Some balance must be

made between the fit indices and the theoretical predictions or hypotheses regarding the relationships among research variables. Therefore, the accuracy of the theoretical predictions can be tested by the path coefficients in each of the models, as was done in this study. Finally, in line with the original study we have calculated the percentage of explained variance for each dependent variable in all three models. A low percentage of explained variance in a certain model indicates that this model is not correct (Sarlis and Stronkhorst, 1984).

Results

Descriptive statistics and inter-correlations

Table I presents descriptive statistics as well as inter-correlations among the variables for each of the samples. Means, standard deviations, and Cronbach alpha levels were within reasonable limits and were quite similar in both studies, indicating the validity of the measures. The correlations between the variables were relatively high, but did not exceed a level of 0.70 that in other cases indicates a problem of multicollinearity.

Models' assessment

Table II presents the major fit indicators that testify to the quality of the models. As clearly shown, model 2 (performance leads to trust) best fits the data. Its chi-square value was not significant, and the chi-square to df ratio was lower than 2. RFI, NFI, NNFI, CFI, and GFI were relatively high and ranged between 0.97-1.00. All of these values indicate that the model fits the data better than models 1 and 3. Both models 1 and 3 had a significantly lower fit with the data and had to be rejected. Their chi-square test produced significant values, indicating that the models did not cohere with the data; chi-square to df ratio (X^2/df) was close to 5 and 8 (respectively), which exceeds the recommended value of 2. RFI, NFI, NNFI, CFI and GFI were all lower than in model 2.

Table III presents path coefficients and explained variance for the models. As can be seen, all path coefficients were in the expected positive direction. Human quality was positively related to responsiveness in models 2 and 3 (0.30 and 0.33 respectively) and to satisfaction and trust (0.25 and 0.21 respectively in model 2 and in model 1). Transparency and accountability were positively related to responsiveness in models 2 and 3 (0.28 and 0.23 respectively). Morality and ethics were positively related to responsiveness, satisfaction and trust in models 3, 2 and 1 (0.13, 0.13 and 0.14 respectively). Innovation and creativity were positively related to responsiveness in models 2 and 3 (0.34 and 0.35 respectively). Furthermore, trust was positively related to responsiveness and satisfaction in model 1 (0.96 and 0.73 respectively), as well as in model 2 (0.17 and 0.68 respectively) and in model 3 (0.15 and 0.68 respectively). Finally, responsiveness and satisfaction were also positively related in model 3 (0.37).

However, an analysis of the explained variance raises some questions as to the superiority of model 2. As is evident, it was model 3 that exhibited the

Variable	Survey year																	
	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002		
	Mean	SD	1	2	3	4	5	6	7									
1. Human quality (HQ)	2.71	2.45	0.73	0.72	0.87	(0.87)												
2. Transparency and accountability (TA)	2.72	2.43	0.78	0.77	0.60*	0.67*	(0.84)	(0.85)										
3. Morality and ethics (ME)	2.64	2.39	0.85	0.80	0.57*	0.60*	0.47*	0.58*	(0.77)	(0.78)								
4. Innovation and creativity (IC)	2.70	2.53	0.83	0.79	0.58*	0.63*	0.61*	0.62*	0.53*	0.55*	(0.77)	(0.76)						
5. Responsiveness (RS)	2.40	2.14	0.81	0.73	0.68*	0.70*	0.67*	0.69*	0.58*	0.60*	0.68*	0.68*	(0.88)	(0.86)				
6. Citizens' satisfaction (ST)	3.11	3.00	0.51	0.49	0.47*	0.41*	0.33*	0.37*	0.40*	0.37*	0.38*	0.34*	0.48*	0.38*	(0.85)	(0.87)		
7. Trust in government and in public administration (TRST)	3.02	2.86	0.55	0.58	0.47*	0.43*	0.43*	0.41*	0.40*	0.44*	0.38*	0.358	0.48*	0.41*	0.63*	0.61*	(0.81)	(0.81)

Notes: $n = 345$; * $p < 0.001$

Table I.
Descriptive statistics and inter-correlations for the study variables (reliabilities in parentheses)

Table II.
Goodness of fit
summary for the
research models

Model/description	df		X^2		p	X^2/df		Survey year										
	2001	2002	2001	2002		2001	2002	RFI	NFI	NNFI	CFI	GFI						
1. Trust leads to performance	8	8	216.34	276.30	0.000	0.000	27.04	34.53	0.45	0.44	0.79	0.79	0.46	0.44	0.79	0.79	0.85	0.86
2. Performance leads to trust	4	4	6.47	9.17	0.17	0.057	1.62	2.29	0.97	0.97	0.99	0.99	0.99	0.98	1.00	1.00	0.99	0.99
3. Midrange effects	7	7	23.15	29.21	0.0016	0.0001	3.31	4.17	0.94	0.95	0.98	0.98	0.96	0.96	0.99	0.99	0.98	0.98

Notes: $n = 345$; $p =$ Significance

Model/description	Survey year					
	2001 <i>n1 = 345</i>	2002 <i>n2 = 502</i>	2001 <i>n1 = 345</i>	2002 <i>n2 = 502</i>	2001 <i>n1 = 345</i>	2002 <i>n2 = 502</i>
	Model 1: trust leads to performance		Model 2: performance leads to trust		Model 3: midrange effects	
HQ → RS	–	–	0.30*	0.22*	0.33*	0.25*
HQ → ST	–	–	0.25*	0.21*	–	–
HQ → TRST	0.21*	0.21*	–	–	–	–
TA → RS	–	–	0.28*	0.25*	0.23*	0.23*
TA → ST	–	–	–0.04	0.04	–	–
TA → TRST	0.14	0.09	–	–	–	–
ME → RS	–	–	0.12	0.12*	0.13*	0.13*
ME → ST	–	–	0.13*	0.15*	–	–
ME → TRST	0.14*	0.25*	–	–	–	–
IC → RS	–	–	0.34*	0.34*	0.35*	0.32*
IC → ST	–	–	0.07	–0.02	–	–
IC → TRST	0.04	–0.02	–	–	–	–
TRST → RS	0.96*	0.68*	–	–	–	–
TRST → ST	0.73*	0.64*	–	–	–	–
RS → TRST	–	–	0.17*	0.17*	0.15*	0.16*
ST → TRST	–	–	0.68*	0.76*	0.68*	0.74*
RS → ST	–	–	–	–	0.37*	0.36*
<i>R^{2a}</i>						
RS	0.43	0.30	0.80	0.80	0.81	0.82
ST	0.60	0.56	0.62	0.59	0.35	0.27
TRST	0.44	0.39	0.34	0.28	0.60	0.56

Notes:

^a Highest values of explained variance in rows are in italics

* $p < 0.05$

Table III.
Path coefficients and explained variance (R^2) for the models

highest explained variance for the variable “trust in government and in public administration” ($R^2 = 0.60$) and for the variable “responsiveness” ($R^2 = 81$). These values were higher than the levels achieved by model 2 ($R^2 = 0.80$ and $R^2 = 0.34$ respectively). Model 2 showed a higher level of explained variance only for the variable “satisfaction” ($R^2 = 0.62$), and model 1 displayed a higher level of explained variance than model 2 for the variable “trust.” Consequently, while model 2 best fit the data, it is still not a perfect model in terms of explained variance. Indeed, model 3 has an advantage in this regard.

Despite some weaknesses in model 2, especially its limited level of explained variance in the variable “trust,” we concluded that this was the best model among all those examined here. This model, which demonstrates the effect of managerial quality on administrative performance and only subsequently on trust in government and in public administration, was better than the other two models. It proved a very good fit with the data, demonstrating a strong magnitude of path coefficients in the expected directions, a reasonable level of

explained variance, and a sound theoretical adaptability to our conceptual framework. Nonetheless, model 3, which depicts a set of relationships similar to those of model 2, also had its advantages. It indicates that our hypothesis that administrative performance leads to trust is more credible than the alternative theory that trust influences performance. Moreover, it re-emphasizes that our decision to demonstrate a clear causal link where responsiveness leads to satisfaction (rather than a general bi-directional linkage between these factors) has merit.

Discussion

In an attempt to resolve the paradox of interrelationships between bureaucracy and democracy in modern nations this paper has revisited one question of causality among managerial quality, administrative performance, and citizens' trust in governments and in public administration. It asked whether administrative performance leads to a higher degree of trust in the government and in public administration or vice versa. Using a recent sample of Israeli citizens we have tried to re-evaluate three theoretical models. All models specifically implied one type of causality and were tested against each other across two years of data collection and two different samples. In general, the paper gives considerable support to most of our previous findings (Vigoda and Yuval, 2003) where performance leads to trust more than trust leads to performance. Hence, it also supports the conclusions of various studies in the field that found similar relationships. One of these recent studies (Ulbig, 2002, p. 801) suggested that "satisfaction with the procedures and people of government . . . helps to boost feelings of trust in government" because citizens who are satisfied with governmental policies also have a meaningful voice alternative, viewing the process as efficient and neutral and perceiving the authorities as fair, honest and trustworthy.

As a result the paper has potential merit in several ways. First, it highlights again the role of managerial quality as a precondition for the enhancement of administrative performance and trust in government. Second, the paper confirms the relationship where performance leads to trust rather than trust leading to higher evaluations of performance. Nonetheless, the findings of this study provide no clear-cut conclusions. The accurate relationship between these variables still remains unclear, even if some definitive answers seem to emerge. Third, the paper provides a perspective on managerial quality, government performance and trust from the less commonly examined perspective of Israeli culture and across two points in time.

Moreover, as we stated in our previous study, studying causality paths between quality, performance, and trust in government is a complex task. There are at least two explanations for such complexity. First, is the inherent tension between democracy and bureaucracy. As suggested by Thompson (1983, p. 235) "democracy does not suffer bureaucracy gladly: Many of the

values we associate with democracy such as criticism, trust, participation, and individuality stand sharply opposed to hierarchy, specialization, and impersonality we ascribe to modern bureaucracy". Second, is the long-standing dilemma in the social sciences about good explanations and the search for causality. Are there clear-cut distinctions between social "reasons" and social "results"? More specifically, is democracy the antecedent to better bureaucracy or, alternatively, better bureaucracy serves as a precondition to strong democracy?

This tension is reiterated by our study in which we tried to compare aspects of bureaucracy (i.e. managerial quality and administrative performance) with aspects of democracy (i.e. trust in governance). Following Gawthorp (1997) we also concluded that there is a great deal of confusion and hypocrisy associated with the concepts of democracy and bureaucracy. According to Waldo (1977, p. 205) "when both are studied together the opportunities for confusion and delusion are multiplied, given the human capacity for irrationality and ego-serving views of the world".

Nevertheless, despite this complexity we argue that democracy and bureaucracy can and should be studied in relation to each other. Our follow-up study confirms that one pattern of relationships between bureaucracy and democracy is, after all, more dominant than another. According to our findings managerial quality leads to administrative performance, while trust is a subsequent reaction by citizens to the performance of public administration. Model 2 received strong support in both surveys and also yielded a relatively high level of explained variance for citizens' satisfaction. Note, however, that the explained variance of model 3 was higher than that of model 2 for both the variables of "responsiveness" and "trust." These findings were consistent for the years 2001 and 2002 and imply that model 2 is undoubtedly not a perfect (nor a correct) model. Some elements in model 3 seem to compete with those of model 2, but since both of them indicate that performance leads to trust, we feel confident that this is the more accurate description of cause and effect.

The findings of this study have profound implications for new approaches to public administration. First, if administrative performance leads to a higher level of trust in the government, one can appreciate the impact and relevancy of new reforms in public administration that call for a more business-like approach to serving the people. The new public management (NPM) approach, which emphasizes the role of citizens as clients or customers, is supported by this study. Based on this study's findings the implementation of the NPM doctrine can create a substantial political impact as well as an economic and managerial one. Hence, the paper provides some support for advocates of the NPM paradigm who seek to improve the performance of governmental and administrative bodies with the expectation of safeguarding the principles and foundations of our democracy. Our paper implies that effectiveness and responsiveness in governmental agencies is a precondition to trust, a quality

earnestly sought by many Western democracies, but one that has remained tantalizingly elusive.

As we have also noted in our previous study it is important to weigh the advantages of this study against certain criticisms about the NPM approach that have recently surfaced (Box *et al.*, 2001; Vigoda, 2002b, c). Box *et al.* (2001, p. 608) argued that “today’s market model of government in the form of New Public Management goes beyond earlier ‘reforms,’ threatening to eliminate democracy as a guiding principle in public-sector management”. Along the same lines, Vigoda (2002b) criticized NPM for downplaying the willingness of citizens to engage in active political participation and seek control over administrative élites. Nonetheless, the fact that NPM directs public managers and political decision-makers to utilize business measures in order to reduce financial and budgetary waste as well as to increase managerial quality and performance eventually leads to more public trust. This in itself is an important contribution to our democratic values. It is possible, however, that NPM does introduce some shortcomings into the public system, but these should not prevent us from using the NPM vision in a creative manner. The goal of NPM and other reforms in public administration is to find a balance between the economic and financial needs of the state on one hand, and the political, social and ethical demands of citizens as individuals on the other hand. Thus, it seems that NPM still has much to offer to our public administration and governmental institutions.

Finally, several limitations of this study should be noted. First, we again applied the SEM technique in testing and evaluating our three models. This strategy was adopted to test causality and to take advantage of SEM’s strength as a tool especially designed for this purpose. Moreover, we have tested our models on two points in time, a procedure that provides more validity and reliability to the variables and more support to the findings. However, one should note that despite the improvement we made (in comparison with the original study) our data were not collected over time and thus limit the strength of the findings. We agree that much more could be said about causality among the examined variables in this study if, for example, managerial quality could be tested at time 1, administrative performance at time 2 (and/or 3), and citizens’ trust in government and in public administration at time 3 (and/or 2). Therefore, we improved our research design, but the resulting study still cannot be defined as longitudinal. Still, the fact that models 2 and 3 were clearly superior to model 1 allows us to conclude that the more accurate flow of causality is managerial quality → performance → trust, rather than managerial quality → trust → performance.

Second, the findings were based on cross-sectional and self-report data. This may result in source bias (e.g. social desirability effect) or common method error. Nevertheless, the study reported sound psychometric properties in terms of reliabilities of research variables. In addition, the very similar findings of the

two samples only strengthen our confidence in the results. Finally, one should bear in mind that at this stage our data and models apply to only one culture, the Israeli one. We suggest that further studies are needed to support these findings in other socio-political environments.

In sum, we believe that this follow-up study made progress in its attempt to uncover the links between administrative and managerial variables and political variables in the democratic realm. This is an underdeveloped field of knowledge and our empirical findings may guide other studies in this field. In line with previous research (i.e. Hibbing and Theiss-Morse, 2001; Nye *et al.*, 1997) the findings of this study reconfirm the hypotheses that satisfied citizens are those who trust their governments. As we have stated in the closing sections of our previous study, these citizens may become the great builders of modern democracy despite the fact that trust is not necessarily translated into political activism (Ulbig, 2002). It is more likely that citizens develop trust in government and in its executive branches when most of their essential needs and demands are fulfilled to an acceptable level. However, this trust and satisfaction does not translate into active political participation (Vigoda, 2002a). As demonstrated by various studies in the past, most citizens still remain on the sidelines as passive bystanders. Hence, by investigating managerial and administrative variables our paper offers a better understanding of citizens' attitudes and behaviors, but much more work is needed in the future to fully explore the relationships between bureaucracy and democracy.

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