

Bureaucratic Malaises and their Remedies in Public and Nonprofit Organizations

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Abstract

Many experts have observed that bureaucratic malaises are endemic in public sector organizations. These so-called “diseases,” which include personnel constraints, red tape and risk avoidance, can discourage workers, damage organizational performance, and lower the quality of public services. The depth and impact of these malaises are tested across the public and nonprofit sectors using data from the third National Administrative Studies Project (NASP III). NASP III surveyed randomly selected managers in public and nonprofit organizations in Georgia and Illinois. Multiple informant data are aggregated to the organizational level resulting 47 public and 64 nonprofit organizations for further analysis. Multivariate statistical analysis suggests that most of the maladies have harmful effects on work quality in the public sector, but not on the nonprofit agencies studied in this sample. The results further show that task clarity does not mitigate the performance effects of these maladies in the public sector whereas in the nonprofit sector it is associated with higher levels of performance. The implications for theory and practice are discussed.

Many experts have characterized public organizations as “disease prone,” meaning they suffer from maladies such as personnel constraints, red tape and risk avoidance. These maladies can discourage workers, damage organizational performance, and lower the quality of public services (e.g., Downs 1967; Dunleavy 1985; Merton 1940; Niskanen 1971; Tullock 1965; Wilson 1989). Solutions to such maladies have often focused on downsizing the public sector and offloading its functions or reassigning its responsibilities through privatization and contracting (Savas 1987); making the public sector more like the private sector vis-à-vis the competitive market structure arguments of public choice (Ostrom 1989), the entrepreneurship of Reinventing Government (Osborne and Gaebler 1992), and the managerialism of New Public Management (Pollitt 1990). However, not all of these solutions have been effective. In fact it can be said that the cure is sometimes worse than the disease.

The contribution of this paper is to examine whether bureaucratic problems such as personnel constraints, red tape and risk avoidance damage organizational outputs—namely the quality of work. A second contribution is to examine whether these maladies extend to the nonprofit sector. Comparison to the nonprofit sector is important for two reasons: First, many public services are now delivered through nonprofit and voluntary organizations rather than through public organizations; and second, nonprofits are more closely related to public organizations than is the private sector, where comparisons are normally made on the extent and damaging effects of these maladies. The presumption is that the effects of these maladies are not as strongly felt in nonprofit organizations because they (nonprofits) are more nimble and spry (Wolf 1999; Greene 2007). Our third contribution is to explore one potential cure to these bureaucratic problems: we examine whether task clarity can provide a tonic.

The balance of the manuscript is structured thus. Theory on bureaucratic malaises and

their potential cures are discussed alongside questions of public-nonprofit differences culminating in a set of research hypotheses. Methods are then outlined. This includes discussion of the NASP-III dataset that we aggregate to the organizational level and measures of key variables. Findings from multiple regression models are then presented. The correlates from the regression analysis suggest that the maladies have harmful effects on work quality in the public sector but not on the nonprofit agencies studied in this sample. Surprisingly the results from the joint relationships indicate that task clarity does not mitigate these maladies in the public sector. Task clarity is, however, associated with higher organizational achievements in the nonprofit sector spotlighting an apparent sectoral difference. The implications for theory and practice are then discussed.

Theory and Hypotheses

Performance

Organizational outcomes and achievements are increasingly examined in the public management literature (Jung 2012; Walker, Boyne, and Brewer 2010). While a systematic literature is growing on the determinants of performance, the dependent variable in these studies remains contested. This debate focuses on the complexity of the concept and its many dimensions, the range of stakeholders that assess performance and the ways in which it can be operationalized and measured. Performance measures need to be multidimensional, capturing the multitude of outputs and outcomes that organizations produce. Key outputs include speed, quality and quantity while key outcomes focus on efficiency, effectiveness, equity and responsiveness. The distinction between outputs and outcomes is derived from the “3E’s” model of economy, efficiency and effectiveness and the “IOO” input-output-outcome framework (Boyne 2002). More recently Walker, Boyne and Brewer (2010) extended this logic to include wider concerns

about the governance of public agencies and argued that several additional performance dimensions such be included, such as accountability, probity, and respect for human rights.

An often-cited characteristic of public organizations is their complex external environment (for a review see Rainey 2009, Chapters 4-5). While organizational contexts can have important impacts on performance achievements (e.g., Andrews et al. 2005; Pettigrew, Ferlie, and McKee 1992; Thompson 1967), the range of stakeholders interested in the achievements of public agencies is many. These stakeholders can include overhead political authorities, managers and employees within the organization, other public, private and nonprofit organizations who are involved in service delivery, and most importantly, service users and citizens who are outside of the agency. At different points in time stakeholders can exert power over public agencies, such as granting legitimacy or conferring an urgency to act, and thus they are of interest in the study of the organizational achievements (Mitchell, Agle, and Wood 1997). Research evidence increasingly suggests that various stakeholder groups value the dimensions of performance differently (Amirkhanyan, Kim, and Lambright 2013).

Some performance measures are perceptual while others rely on archival data. Perceptual measures are regarded as useful because they can cover a wider range of non-economic dimensions of organizational performance than can archival data, which is generally harder to collect and transform into usable performance measures (Dess and Robinson 1984). However, perceptual measures are more vulnerable to measurement problems such as common source bias, where the performance measure and its determinants are taken from a single dataset. Some experts contend that archival measures are superior because they reflect reality (Meier and Brudney 2002). However, there are validity concerns with the use of archival data as well. A common concern is that these measures cannot avoid the process of being socially constructed—

actors in the public realm make decisions about what to record (and what not to record) as a performance-related output or outcome. A frequently used example in the public management performance literature is school test scores. These scores are widely used to gauge school performance in the USA and elsewhere, but the narrow focus on exam results does not take into account a broad range of “value added” outputs and outcomes that are associated with effective schooling such as building character, integrity and empathy for others, learning citizenship skills, and promoting social integration. Moreover, evidence of rather widespread cheating has been found (Andrews, Boyne, and Walker 2011; Bohte and Meier 2000). Given this, for governmental organizations where multiple and conflicting perspectives on organizational performance exist, it is quite challenging to develop objective measures which cover and reconcile all of those perspectives (Brewer 2006). As the performance literature develops, more knowledge is needed about the determinants of outputs and outcomes from the perspective of different stakeholder groups using alternative operationalizations of the concept.

Bureaucratic Malaises

Arguments about the distinctiveness of public organizations are summarized by Rainey (2009, 83-85) and include characteristics of the organizational environment and its internal organization and management. External environmental factors have been elaborated on by public choice scholars who point to an absence of economic markets for outputs, reliance on governmental appropriations of financial resources, elaborate formal legal constraints for oversight and accountability purposes, and intensive external political influences (Dahl and Lindblom 1953; Niskanen 1971; Tullock 1965). Within the organization, various roles, structures, and processes are highlighted. Notable here are the high levels of goal ambiguity, multiplicity and conflict identified by Rainey and colleagues (i.e., Chun and Rainey 2005; Pandey and Rainey 2006).

Attention also focuses on the distinctive features of general managerial roles in the public sector which include more crisis management and fire drills, the need to balance external political relations with internal management functions, and the difficulty of strategic planning in a turbulent political environment (Rainey, Backoff, and Levine 1976; Bryson 1988; Rainey 2009). Administrative and leadership practices that are deemed peculiar to the public sector include low levels of decision making autonomy, weak authority over subordinates, low levels of delegation by senior managers, and high levels of turnover among top leaders (Buchanan 1975; Feeney and Rainey 2010; Gawthrop 1971; Hood 2000).

In this study the focus is upon questions of organizational structure, and in particular the high levels of red tape argued to plague public agencies. Weak incentive structures and reward and punishment mechanisms have also been placed under the microscope, and extensive attention has been placed on the high levels of personnel constraints that affect public managers' ability to manage and administer extrinsic incentives such as pay, promotion, and disciplinary action (Buchanan 1974; Gawthrop 1971). Similarly, some work related attitudes and behaviors are noted in the public sector, including low valuation of monetary rewards and high public service motivation (Coursey and Pandey 2007; Perry 2000), but some studies have also noted lower levels of work satisfaction and organizational commitment in public agencies when compared with business firms (Buchanan 1974; Rhinehart et al. 1969). Of further interest in this study, some scholars have documented high levels of risk avoidance in the public sector (for example see the evidence reviewed in Rainey 2009). Critiques of public agencies have typically argued that these characteristics are maladies that damage the achievements and outcomes of public organizations. Below we review the empirical evidence on these malaises. This evidence suggests that some of these critiques may be valid, but it also suggests that the impact of some

maladies is more contested. In fact, some characteristics of public agencies which have been referred to as bureaucratic maladies can actually be a force for good and are thus positive attributes.

Personnel constraints have been identified as a major impediment to performance because they restrict the ability of managers to manage as good performing staff cannot easily be rewarded and poorly performing staff cannot simply be removed from their posts (Coursey and Rainey 1990; Brewer and Walker 2013). Removing or loosening these constraints is presumed to lead to more effective organizations that can achieve higher performance goals. Calls for such changes have been heard across the globe (Blair 2002; Gore 1993; OECD 2003). These demands for reform seek to change the basic characteristics of civil service systems: merit based appointment and promotion, neutral competence, fair play, and relatively secure tenure for employees. To achieve these civil service system goals, public organizations have operated highly centralized personnel systems with extensive rules. It is these rules and regulations that create the constraints that are believed to undermine performance achievements.

Much of the empirical effort to understand personnel constraints has examined reward and removal rules and regulations. Typically this line of research has utilized Rainey's longstanding measures that assess "difficulty in rewarding good managers" and "difficulty in removing poor managers" (Rainey 1979; Rainey, Facer, and Bozeman 1995; Rainey 1983; Rainey, Pandey, and Bozeman 1995b). Empirical evidence reviewing the impact of personnel constraints is largely focused on public-private differences (see below), with more limited attention focused on their impact on organizational achievements. Studies at the organizational level examining the impact of reward and removal constraints offer findings at odds with the weight of argument. For example, Brewer and Walker (2010) note that perceptions of the

presence of reward constraints amongst senior managers seem to improve organizational performance. Evidence at the individual level is similarly skeptical about the impact of pay-for-performance on the work practices and motivations of public sector employees, and evidence on easy removal suggests that it may be problematic for employee morale and long term performance (Weibel, Rost, and Osterloh 2010; Kellough and Nigro 2006; Battaglio and Condrey 2009; Brewer and Walker 2010).

If personnel constraints are seen as a public sector phenomenon,¹ red tape can be present in any organizational setting, including the private sector. However, experts contend that red tape runs deeper and has more damaging effects in the public sector; thus, it is cited as the most pernicious malady afflicting public organizations (Bozeman and Feeney 2011; Kaufman 1977; Wilson 1989). The dominant definition of red tape used in the public management literature follows Bozeman's (Bozeman 2000, 12) rendition: "rules, regulations, and procedures that remain in force and entail a compliance burden but [do] not advance the legitimate purposes the rules were intended to serve." Red tape has been considered an organizational level construct but it is also comprised of stakeholder dimensions, something recently addressed by Bozeman who has sought to draw out its multidimensional nature (Bozeman 2012). Efforts have been made to bring further conceptual clarity to the definition of red tape (Feeney 2012; Pandey and Scott 2002). Others have examined relationships between red tape and communication, and managers' strategies for coping with red tape and work alienation (DeHart-Davis and Pandey 2005; Pandey and Welch 2005; Pandey and Garnett 2006). Studies have examined some possible antidotes of red tape, including a developmental culture and an organizational strategy of prospecting (Pandey and Moynihan 2006; Walker and Brewer 2009). More recently researchers have started

¹ Indeed Rainey and Bozeman (2000) have pointed out that one of the biggest differences in public and private sector management is the perception of vastly greater personnel constraints in the public sector.

to examine stakeholder red tape which suggests that red tape is perceived by different groups in different ways (Feeney and Bozeman 2009; Walker and Brewer 2008).

The public management literature has largely focused on organizational red tape and examined its relationships with internal organizational characteristics. Fewer studies have touched on the consequences of red tape for organizational performance (see Brewer 2006; Brewer and Selden 2000; Brewer and Walker 2010; Pandey and Moynihan 2006; Walker and Brewer 2009). These studies have typically found that when red tape is examined as an aggregate construct its impact is harmful to organizational performance. However, when scholars disaggregate red tape into its component parts, the relationship is less cut and dry. For example, Brewer and Walker's (2010) study of English local government notes that internal red tape harms some dimensions of performance (e.g., quality, effectiveness and equity) but not all. By contrast, external red tape improves organizational performance when it is assessed by external regulators but is harmful to staff satisfaction.

Similar to red tape, risk avoidance exists in any organization but it seems to run deeper in the public sector than in the private sector. The pervasiveness of risk avoidance in government agencies can be explained from several perspectives. Due to the absence of clear and direct market information for goods and services, public employees tend to avoid visible disasters and the personal tragedy of transfer, demotion, or outright dismissal, by avoiding errors in their work (Davies 1981). Alternatively, public sectors jobs are characterized as "life in a fishbowl", and because public employees are subject to high levels of scrutiny, they tend to act prudently and avoid risks (Bozeman and Kingsley 1998; Rainey 2009). Therefore, the underlying assumption of administrative reforms is that risk avoidance is a malaise that needs to be cured because it stifles innovation and hinders performance improvement in public agencies (Bozeman and

Kingsley 1998). While the malaise of risk avoidance is argued to be harmful and prevalent in the public sector, scant empirical attention has been paid to its effect on performance. In the absence of empirical evidence, we follow the arguments set out above and conclude that risk avoidance is a malaise that will hamper innovation and lead to organizational ineffectiveness and stagnation.

Hypotheses on Public-Nonprofit Differences

Studies have found stark differences between the public and private sectors on personnel constraints, red tape and risk avoidance, with the public sector harboring higher levels (e.g., Rainey and Bozeman 2000; Chen 2012; Feeney and Rainey 2010). The effort to identify and isolate sectoral differences has been led, since the late 1970s, by Hal G. Rainey and colleagues (e.g., Rainey 1979; Rainey et al. 1976). Rainey's work has largely examined evidence based on studies of public organizations and private firms. The focus of this study is on comparing public and nonprofit organizations, a topic that has not received much attention in the public management literature (for exceptions, see Feeney and Rainey 2010; Lan and Rainey 1992).

Comparisons between public organizations and nonprofits are, however, an area of increasing importance. Over recent decades, government reforms such as NPM and Reinventing Government have blurred sectoral boundaries, moved towards network governance, and increased the use of nonprofits to deliver public services. Nonprofits are believed to provide the flexibility, innovation and responsiveness that public organizations cannot deliver. One line of argument that may explain this difference is that nonprofits are not subject to burdensome civil service system rules and procedures, so the maladies of red tape, personnel constraints and risk avoidance are milder in the nonprofit sector (Feeney and Rainey 2010). As nonprofits have played a larger role in the provision of public services, public organizations have undergone reform and change. Sectoral blurring has occurred because the emphasis of many contemporary

reforms has been to make the public sector more like the private sector by adopting private sector management practices and organizational structures, and introducing competitive markets. This has included the introduction of short-term employment contracts, pay-for-performance, decentralization and deregulation of civil service systems, and attempts to introduce more flexibility in rules, decision-making and attitudes towards risk taking and innovation. While reform efforts have been extensive, the extent to which they have made public organizations resemble private organizations is contested. These reforms have probably made public and nonprofit organizations more similar, however.

Evidence using this dataset at the managerial level supports the view that there are indeed differences between public and nonprofit managers with the maladies running deeper in public agencies (Feeney and Rainey 2010). However, very little of this evidence bears on the question of organizational achievements. Given the presumption of sectoral differences between public and nonprofit organizations, we hypothesize that personnel constraints and risk avoidance will have a stronger and more negative impact on public organizations compared with nonprofits, but that red tape will be equally damaging in each sector. The first four hypotheses are:

H1: Promotion inflexibility has a stronger negative impact on organizational performance in the public sector than in the nonprofit sector.

H2: Pay inflexibility has a stronger negative impact on organizational performance in the public sector than in the nonprofit sector.

H3: Red tape is negatively related to organizational performance in the public and nonprofit sectors but its performance impacts are similar.

H4: Risk avoidance of employees has a stronger negative impact on organizational performance in the public than in the nonprofit sector.

Moderating Effects of Task Clarity

In an organization, numerous management practices and organizational arrangements can influence the negative effects of organizational malaises on organizational effectiveness. This study focuses on task clarity as a moderator between organizational malaises and effectiveness. Task clarity refers to “the degree to which employee behavior is specified by routines, procedures, and prescribed roles” (Gladstein 1984, 502). Greater task clarity is expected to weaken or alleviate the negative impact of organizational malaises on performance for several reasons. First, when tasks are clear to employees, they are less likely to perceive role-related tension and stress and more likely to feel comfortable with their work. This means employees can complete their job responsibilities in a more efficient and effective manner (Glisson and Durick 1988; Jung 2013). In turn, increased work motivation and job satisfaction may reduce the harmful outcomes that organizational malaises produce. Second, task clarity is associated with division of work and methods of coordination and control (Gladstein 1984). That is, when employees do not understand clearly their tasks, managers may find that division of work and methods of coordination and control are not very effective and that conflicts among organization members increase. As a consequence, employees are more likely to use defense mechanisms, which distort the reality of situations, leading them to perform less effectively (Jung 2013; Kahn et al. 1964). Thus, task ambiguity (as opposed to task clarity) is expected to worsen the negative association between organizational malaises and effectiveness.

However, this positive moderating effect of task clarity or the negative moderating effect of task ambiguity can differ between the public and nonprofit sectors. Task ambiguity or goal ambiguity has been recognized and empirically demonstrated as one of the representative characteristics of public organizations that weakens organizational effectiveness and undermines

employees' positive job attitudes such as job satisfaction and motivation (Chun and Rainey 2005; Jung 2011; Jung and Rainey 2011; Wright and Davis 2003). Further, as Perry and Porter (1982) pointed out, strong situations characterized by clear goals and tasks are not likely to prevail in public organizations. Rather, goal ambiguity and intergroup conflict can be more prevalent. Accordingly, the levels of task clarity at the organizational level are expected to differ between the two sectors. Specifically, nonprofit sector employees will perceive higher task clarity than their counterparts in the public sector because government oversight imposes red tape and constraining rules while nonprofit organizations are more autonomous from government control (Feeney and Rainey 2010). Thus, based on different degrees of organizational malaises and task clarity between the public and nonprofit sectors, we propose the following hypothesis.

H5: Task clarity will reduce the impact of organizational malaises on performance more in the nonprofit than in the public sector.

Data and Methods

Data, Sample and Unit of Analysis

Data are drawn from the National Administrative Studies Project III (NASP-III).² This dataset was selected because it addresses questions of public-nonprofit differences by taking a random sample of managers from these two sectors. The main focus of the survey was on mentoring (e.g., Bozeman and Feeney 2009; Feeney and Bozeman 2008; Feeney 2006b), but it also examined several bureaucratic malaises. The survey was undertaken in two states of the United States, Georgia and Illinois. The managers surveyed worked in state agencies administering several different types of public policy including public safety, social services, environmental

² For more detailed survey procedures and descriptive statistics, see Feeney (2008) or Feeney and Rainey (2010)

protection, human resources, taxation, science, health care, utilities and construction and engineering (Feeney 2006a).

The sample frame for public managers in Georgia was drawn from the Georgia Department of Audits' comprehensive list of employees and in Illinois through a Freedom of Information Act request for a list of all state employees on the rolls during the 2003/4 fiscal year. In Georgia the number of managers in the study population was 6,164—these were public employees carrying the job title of “director”, “coordinator”, “officials or manager”, or “professionals”. The Illinois population was 5,461 managers, whose job title was “senior public service administrators” or “public service administrators”. These study populations were constructed from organizations with over 20 employees. From these populations, the research team randomly selected 912 managers in Georgia and 937 in Illinois (Feeney 2008). Nonprofit managers were identified from a dataset compiled by Infocus Marketing, Inc., which lists members of the American Society of Association Executives. The list provides information on high-ranking nonprofit managers and provides contact details on 280 and 1048 nonprofit managers in Georgia and Illinois, respectively (Bozeman and Feeney 2009).

The survey was administered in 2005, closing on January 1, 2006 (Feeney 2008, 488; Feeney and Rainey 2010). Standard survey administration protocol was implemented, with three rounds of contact.³ The survey began with two samples of 1849 public managers and 1328 nonprofit managers, respectively and completed questionnaires were received from 790 public managers (response rate: 43%) and 430 nonprofit managers (response rate: 33%).⁴ Specifically, 44% of the full sample, 55% of the public managers, and 75% of the nonprofit managers were

³ Managers in the sample were initially sent a pre-contact letter, Wave I survey and letter, follow-up postcard, Wave II survey and letter, follow-up contacts by phone call and e-mail, and a final Wave III survey and letter.

⁴ The original sample was 2,000 but 16 respondents had retired and 135 no longer worked in the state government.

from Georgia.

The unit of analysis in this study is the agency. Agencies are individual departments in the Georgia and Illinois state system and nonprofit agencies. The NASP-III survey design took individual managers as the unit of analysis, and research by several leading public management scholars has been undertaken at this level (e.g., Bozeman and Feeney 2009; Feeney 2008; Feeney and Rainey 2010). However, the random sampling procedures used in NASP-III provided a multiple respondent survey, with more than one manager from the same agency replying to the survey in many responding agencies. This survey design thus permits data aggregation to the agency level with those multiple respondents (Enticott, Boyne, and Walker 2009; Wagner, Rau, and Lindemann 2010). Data were thus aggregated to the organizational level by taking a mean of all respondents given the focus of the survey on managers. Only organizations with two or more respondents were included in the data aggregation, resulting in a sample of 47 public and 64 nonprofit agencies.

Dependent Variable

The study location and range of agencies in the public and nonprofit sectors included in the sample result in unavailable and non-comparable indicators of organizational performance. Given these constraints the dependent variable is derived from the survey, and thus comes from internal stakeholders. An output measure is used to capture respondents' perceptions of "work quality" in their organization. The use of an output measure is particularly suited to our interest in the impact of malaises within the organization and the role of task clarity as a moderator, because, as we now discuss, the clarity of the tasks that employees face is likely to influence the quality of the work in their organization. The question about work quality was thus posed: "I would rate the overall quality of work being done in my organization as very good." The variable

was measured using a 4-point Likert scale, which ranged from strongly disagree (=1), somewhat disagree (=2), somewhat agree (=3), to strongly agree (=4). Data aggregation to the organizational level transforms this data from categorical to continuous.

Given the concern that perceptual survey data can suffer from common source bias we conducted two tests. First, we conducted Harman's (1976) one-factor test at the agency level for the public and nonprofit sectors, respectively. The test indicated that in both samples the largest factor explained less than 39 percent of the variance in an un-rotated factor analysis producing X factors with an eigenvalue over 1. Second, we ran Wald tests between the dependent variable and other main (independent and moderating) variables as a confirmatory factor analysis by using structural equation modeling at the agency level for each sector sample. The test showed that the dependent variable was distinct from the independent and moderating variables in both sectors to a statistically significant degree. The results from the two tests suggest that common source bias does not seriously threaten the validity of the results (results for both tests are available from the authors).

Independent Variables

The organizational malaises studied here include two types of personnel inflexibility concerning promotion and pay, red tape, and employees' risk avoidance. All of them were measured with single survey items and we aggregated the responses to the agency level. Personnel inflexibility was operationalized using the following two statements about organizational rules associated with promotion and pay, respectively (Feeney and Rainey 2010): "Because of the rules here, promotions are based mainly on performance" (reversed) and, "The formal pay structures and rules make it hard to reward a good employee with higher pay here." These measures were developed by Rainey in the late 1970s and have long been used to tease out differences between

sectors (Rainey 1983; Rainey et al. 1995b). Another organizational malaise, risk avoidance of employees was included in this analysis. To measure this item, we used a statement in the survey that probed employees' level of risk aversion: "Employees in this organization are afraid to take risks." These questions were measured using a 4-point Likert scale, scored as strongly disagree (=1), somewhat disagree (=2), somewhat agree (=3), and strongly agree (=4).

The measure of red tape is the global measure of "organizational red tape" used in many previous studies in public management: "If red tape is defined as 'burdensome administrative rules and procedures that have negative effects on the organization's effectiveness,' how would you assess the level of red tape in your organization?" (e.g., Bozeman 2000; Brewer and Walker 2010; DeHart-Davis and Pandey 2005; Jung and Kim 2012; Pandey and Scott 2002). This variable was measured on an 11-point Likert scale ranging from 0 = "Almost no red tape" to 10 = "Great deal of red tape".

Moderating Variable

The moderator, which is expected to weaken the negative influence of the malaise variables on organizational performance, is task clarity (Rizzo, House, and Lirtzman 1970). This variable was operationalized using the following survey question: "Most employees here are clear about the tasks they are expected to perform." Responses were solicited on the 4-point Likert scale mentioned above.

Controls

We include three control variables: organizational size (number of full-time employees), state (Georgia vs. Illinois), and sector (public vs. nonprofit). Concerning the relationship between the number of employees and organizational performance, one can find conflicting results. A negative relationship is sometimes observed because of the greater possibility of conflicts and

increases in coordination costs that are found in large organizations (Fiedler and Gillo 1974; Scherer and Ross 1990). Positive relationships can be uncovered because increased size can provide critical assets for improving organizational performance (Gooding and Wagner 1985; Pfeffer and Salancik 1978). Alternatively, a curvilinear relationship resembling an inverted U is possible where organizational performance rises with the growth in number of employees up to a certain point, but upon further growth after that point, it falls (Jung 2012).⁵ The numbers of full-time employees in the sampled agencies were drawn from the agency website or from the agency itself through direct contact (Feeney 2006a). Then we also considered the possibility of differences between the public (the reference category) and nonprofit sectors, and between Illinois (the reference category) and Georgia as controls.

Statistical Analyses and Discussion

Table 1 presents descriptive statistics for all variables in the public and nonprofit sectors, respectively, and the results of the mean comparison tests for each variable between the two sectors. Comparing the two sectors reveals some clear differences: For all organizational malaises—promotion inflexibility, pay inflexibility, red tape, and risk avoidance—public sector managers reported higher scores than nonprofit sector managers with large effect sizes and high levels of statistical significance. In contrast, with respect to organizational work quality, nonprofit managers reported higher scores than their counterparts in the public sector, also with a large effect size and high level of statistical significance. In the case of task clarity, which is the moderator in this study, the difference between the two sectors was not statistically significant.

[Insert Table 1 about here]

⁵ Tests for nonlinear relationships between size and performance were not statistically significant in these data (full results available from authors on request).

Then, to examine the effects of the main independent variables on organizational work quality in the two sectors, we conducted ordinary least square (OLS) regression analysis by estimating a basic model for each sector, as shown in Table 2. Before performing the regression analyses, we checked the degree of multicollinearity and heteroscedasticity by using Variance Inflation Factor (VIF) scores and the Breusch-Pagan test for both sector models, respectively. All VIF scores in the two sector models were smaller than 2.03 and the mean VIFs smaller than 1.57. Furthermore, all models passed the Breusch-Pagan test for heteroskedasticity. These test results suggest that the statistical results of both sector models were not distorted seriously by multicollinearity and heteroscedasticity.

[Insert Table 2 about here]

Concerning the effects of organizational malaises on organizational work quality, in the public sector sample, promotion inflexibility ($\beta = -0.146, p < .05$) and red tape ($\beta = -0.091, p < .05$) were negatively associated with organizational work quality. In the nonprofit sector sample, however, only red tape had a modestly negative relationship with organizational work quality ($\beta = -0.043, p < .10$). These results suggest that organizational malaises, especially promotion inflexibility and red tape, are more deeply problematic for organizational work quality in the public sector than in the nonprofit sector. Furthermore, of all the malaises, promotion inflexibility and red tape had the strongest negative effect on organizational performance in both the public sector and nonprofit sector, respectively. On the other hand, somewhat unexpectedly, pay inflexibility was positively associated with organizational work quality, thus echoing a recent finding in English local government (Brewer and Walker 2012). In addition, task clarity showed a positive association with organizational performance in both sectors. Simply put, clear tasks are associated with higher performance.

[Insert Table 3 around here]

The models in Table 3 add an interaction term (task clarity) between each organizational malaise variable and organizational performance in each sector. The eight resulting models demonstrate that task clarity has different moderating effects on the malaise-performance relationship in each sector. In the public sector, task clarity does not moderate the relationship between any malaise variables and organizational work quality. By contrast, in the nonprofit sector, task clarity weakens the negative impact of pay inflexibility, red tape, and employee risk avoidance on organizational performance. A particularly interesting finding is that the level of task clarity is very similar in the public and nonprofit sectors – the means test does not show a statistically significant difference (see Table 1), but the variable does produce statistically significant moderating effects between the two sectors (see Table 3). These results suggest that clarifying employees' tasks can remedy organizational malaises which harm organizational performance in the nonprofit sector. However, the results in the public sector show that those same organizational malaises are more prevalent, and that task clarity cannot moderate or alleviate their corrosive effects on organizational performance.

Conclusion

This study adds to the growing evidence base showing that some bureaucratic malaises are prevalent in public organizations and very harmful to organizational performance. In this case, we have focused on personnel constraints, red tape and employee risk avoidance. Perhaps dysfunctional rules are the common denominator, since they probably underlie all three malaises. The real culprit may thus be red tape.

One contribution of our study is to compare the level and impact of bureaucratic malaises in the public and nonprofit sectors. Our findings show that all three bureaucratic malaises are

more prevalent in public organizations, and in a highly significant way. Yet organizational performance is higher in nonprofit organizations, which is also a highly significant difference. Finally, the level of task clarity was similar in the public and nonprofit sectors, showing no significant difference at the .10 level.

Next we examined the impact of these bureaucratic malaises on work quality, which is a proxy for organizational performance. The two indicators of personnel constraints produced statistically significant results in the public sector, but one—pay inflexibility—ran opposite the direction we predicted. It appears that fixed pay schedules are more conducive to work quality than contingent or performance-related pay in the public sector. Promotion inflexibility was detrimental to work quality in the public sector as predicted. In the nonprofit sector, these personnel constraints had no significant effects. This again suggests that nonprofit organizations may benefit from operating outside the confines of a controlling civil service system.

Our findings further show that red tape undercuts work quality in both sectors, but that employee risk avoidance has little effect on performance in either sector. It is important to note that we controlled for state and organization size in these models, two variables which would likely distort the results since Georgia and Illinois have different collective bargaining arrangements, and public organizations are on average much larger than nonprofit organizations.

Finally, we examined the possibility that task clarity could moderate and lessen the impact of bureaucratic malaises on organizational performance. We found that it has little affect in the public sector, with no significant results, but markedly great impact in the nonprofit sector where task clarity significantly moderated the impact of three of the four indicators on performance (one each on personnel constraints, red tape and employee risk avoidance). This, along with our earlier finding that levels of task clarity are similar across the sectors, suggests

that it would not be beneficial for public managers to devote time and energy to further clarifying tasks, at least in terms of their desire to lessen the impact of bureaucratic malaises on performance. This same set of findings does, however, suggest that nonprofit managers can combat these bureaucratic malaises by striving to improve task clarity.

One of the biggest puzzles in this study is why task clarity works differently in the public and nonprofit sectors, having little effect on the malaise-performance relationship in the public sector but partially moderating it in the nonprofit sector. We believe this disjunction may reflect a primal difference in the sectors: public agencies are trapped in a densely populated and highly charged environment consisting of multiple political oversight bodies; other public, private and nonprofit organizations which are involved in service delivery; and external stakeholders such as interest groups, the media, and clients and citizens. This can become a suffocating environment when controlling civil service systems are present and dysfunctional rules hamper the work of employees. Nonprofit agencies are relatively liberated from these constraints, and they seem more nimble and spry. This is not to say that nonprofit organizations have it easy: they often serve disenfranchised populations who cannot advocate for the cause effectively, and they must raise most of their operating funds on the open market where income can dwindle precisely when needs are expanding. Yet compared to public agencies, nonprofits seem to have some additional degrees of freedom to set their course and manage their fate.

This suggests that nonprofit managers have a stronger hand than public managers, who are said to have a weaker hand than business managers. At least it can be said that anecdotal accounts of the difficulty of managing in the public sector have echoed through the literature for a long time and harken to the rhetorical question that helped launch the study of public management: *does management matter?* In addition, this apparent sectoral difference adds to the

evidence base that suggests a generic approach to organization theory may not be sensitive enough to detect the fundamental differences that exist between organizations and management roles in the public, nonprofit and private sectors.

In terms of research design and methodology, it should be noted that we have recycled a rich dataset in public management and gained some additional value from it by aggregating individual responses to the organizational level. Since there are still relatively few open source datasets in public management, other scholars might be able to study important research questions by thinking creatively and mining existing datasets. The aggregation procedure described above resulted in a modest number of public and nonprofit agencies—47 and 64 respectively. This is relevant to our findings in another way: significance estimates on small N samples are known to be conservative, so we take this to mean that most of our findings are very strong and unlikely to have occurred by chance. It is also worth noting that our models explained between 57-66 percent of the variation in work quality in the public sector and 39-52 percent in the nonprofit sector. They are, in effect, relatively strong models in terms of their predictive power.

This study only analyzed one dimension of organizational performance: work quality. As mentioned earlier, this is considered an output measure and it is only one of many dimensions that could be studied. We were, however, limited to the measures available in the dataset. Perhaps other dimensions and measures of performance would produce different results. Nonetheless, work quality has strong face validity as a measure of performance. We therefore think it provides meaningful results, in large part because some of these relationships have not been tested before and this is the best evidence presently available on them.

There are some additional limitations of this study that may render the results tentative.

The data set is cross-sectional; thus, it is not possible to make any inferences about causality. Indeed, with correlations, we are not able to confirm the direction of the relationships either. We have implied that bureaucratic malaises are harmful to work quality, but it could be that work quality is affecting the malaises. Further research with longitudinal datasets will be required to unpack these relationships further. The cross-sectional nature of the data, and its use to measure variables in the model, also raise questions about common source bias. We have taken some steps to establish that this is not the case, but future studies should try to derive measures from different sources or stakeholders, or possibly from archival data. It is also possible that the results are a facet of their location: two states in the USA. Further research needs to be undertaken in different locations.

Having noted these weaknesses, we believe our study offers some tempting findings, particularly on the enduring impact of red tape and also on the value and importance of public sector personnel reward practices. The finding that nonprofit managers have more control over their organizations' destiny than do public managers is also worthy of consideration because, even though the evidence is limited, it comports with anecdotal evidence and suggests that public managers may face some hard limits in their ability to neutralize bureaucratic maladies and boost organizational performance. We therefore encourage others to explore the questions of bureaucratic maladies across the publicness spectrum.

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Table 1. Descriptive statistics of the public and nonprofit sectors

Variables	Public sector					Nonprofit sector					Mean comparison	
	Obs	Mean	SD	Min	Max	Obs	Mean	SD	Min	Max	Sig. level	Eta ²
1. Perceived organizational performance	47	3.281	0.321	2.478	4	64	3.636	0.353	2.5	4	0.000	0.214
2. Promotion inflexibility	47	2.664	0.562	1.5	3.6	64	2.055	0.525	1	3.5	0.000	0.214
3. Pay inflexibility	47	3.627	0.261	3	4	64	2.645	0.770	1	4	0.000	0.214
4. Red tape	47	6.650	1.202	3	8.45	64	4.666	1.888	1	8.2	0.000	0.214
5. Risk avoidance (employees)	47	2.713	0.329	2	3.5	64	2.418	0.558	1	3.5	0.001	0.214
6. Task clarity	47	3.064	0.403	2	4	64	3.171	0.500	2	4	0.116	0.214
7. Number of full-time employees (log)	47	6.763	1.563	4.007	9.836	64	3.898	1.204	1.099	6.685		
8. State (Georgia: 1)	47	0.532	0.504	0	1	64	0.141	0.350	0	1		

Table 2. Basic models of the public and nonprofit sectors

	Public		Nonprofit	
	Beta	t	beta	t
Promotion inflexibility (PrI)	-0.146*	-2.03	0.023	0.33
Pay inflexibility (PaI)	0.243†	1.77	-0.045	-0.73
Red tape (RT)	-0.091*	-2.75	-0.043†	-1.72
Risk avoidance (RAE)	-0.030	-0.26	-0.035	-0.39
Task clarity	0.231*	2.48	0.363*	4.56
No. of employees	-0.008	-0.36	0.055	1.53
State (Georgia)	0.132†	1.69	0.018	0.17
Constant	2.751*	4.1	2.625*	6.7
R ²	0.640		0.455	
Adjusted R ²	0.576		0.387	
F-value	9.910		6.690	
Sample size	47		64	

Notes: Two-tailed tests; * $p < .05$; † $p < .10$.

Table 3. OLS regression results for moderating effects of task clarity in the public and nonprofit sectors

	Public		Nonprofit		Public		Nonprofit		Public		Nonprofit		Public		Nonprofit	
	beta	t	beta	t	beta	t	beta	t	beta	t	beta	t	beta	t	beta	t
Promotion inflexibility (PrI)	-1.070†	-1.82	-0.399	-0.94	-0.147*	-2.00	0.000*	0.00	-0.164*	-2.29	-0.026	-0.38	-0.117	-1.55	-0.002	-0.03
Pay inflexibility (PaI)	0.186	1.34	-0.047	-0.76	0.122	0.15	-0.439†	-1.78	0.171	1.20	-0.008	-0.13	0.297*	2.08	-0.016	-0.27
Red tape (RT)	-0.088*	-2.71	-0.044†	-1.74	-0.089*	-2.59	-0.042	-1.68	-0.052	-1.29	-0.044†	-1.85	-0.357	-1.62	-0.317*	-2.43
Risk avoidance (RAE)	-0.015	-0.13	-0.050	-0.56	-0.027	-0.23	-0.040	-0.45	0.958	1.51	-1.077*	-2.79	-0.059	-0.51	-0.064	-0.73
Task clarity	-0.535	-1.08	0.085	0.30	0.081	0.08	0.010	0.04	1.154†	1.95	-0.410	-1.42	-0.279	-0.65	-0.052	-0.25
PrI × Task clarity	0.293	1.58	0.135	1.00												
PaI × Task clarity					0.042	0.15	0.127†	1.66								
RT × Task clarity									-0.339	-1.58	0.306*	2.76				
RAE × Task clarity													0.080	1.22	0.084*	2.13
No. of employees	-0.007	-0.33	0.054	1.51	-0.008	-0.32	0.048	1.34	-0.017	-0.73	0.051	1.48	-0.010	-0.43	0.050	1.43
State (Georgia)	0.093	1.15	0.000	0.00	0.137	1.60	-0.015	-0.14	0.143†	1.86	-0.057	-0.55	0.127	1.63	-0.031	-0.29
Constant	5.344*	3.02	3.553*	3.54	3.166	1.11	3.815*	4.67	0.141	0.08	5.310*	5.10	4.279*	3.02	4.081*	5.22
R ²	0.662		0.465		0.640		0.481		0.662		0.522		0.654		0.497	
Adjusted R ²	0.591		0.387		0.565		0.406		0.591		0.452		0.581		0.424	
F-value	9.32*		5.98*		8.46		6.37		9.32		7.50		8.97		6.79	
Sample size	47		64		47		64		47		64		47		64	

Notes: Two-tailed tests; * $p < .05$; † $p < .10$.