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This chapter examines the relationship between red tape and performance, and proposes that organizational culture and political support can mitigate the negative effects of red tape. Bureaucratic red tape is a concept that holds both widespread popular appeal and is one of the few “homegrown” theories in the field of public management. Despite this, academic work on red tape has not informed public management changes, or even the broader public management literature. Developments on conceptualizing and measuring red tape (e.g. Bozeman 1993; Pandey and Scott 2002) have had little direct influence on the thinking of reformers who seek to cut red tape (Gore 1993; Osborne and Gaebler 1992), or even the academic discussion of these reforms (e.g. Ingraham et al. 1997; Kettl and DiIulio 1995). While most scholars would probably accept the argument that red tape matters to performance, the recent emergence of an empirical literature on public sector performance also largely excludes explicit consideration of red tape (Ingraham et al. 2003; Lynn et al. 2001; O’Toole and Meier 1999).

Red tape, therefore, is an area of public management in which theoretical developments and practical concerns are pulling in different directions. For example, when Vice-President Gore discussed moving from red tape to results during the 1990s, he drew neither on groundbreaking theoretical work by Bozeman (1993) nor on Kaufman’s (1977) seminal work. Such separation between theory and practice benefits neither enterprise. Our goal is to bridge this divide in the spirit of Kurt Lewin (1951: 169) who suggested that “there is nothing so practical as a good theory.” A starting point for a practical theory is an assumption shared between practitioners and current theoretical approaches -- red tape has a negative effect on performance. Our chapter seeks to advance this basic theory by proposing and testing moderating mechanisms that mitigate

the negative effect of red tape on performance. In this chapter we develop and provide an empirical test for two alternative explanations -- organizational culture and political support – that are expected to have such a moderating influence.

THEORY AND HYPOTHESES

Developing the Concept of Red Tape

Recognition of red tape as an organizational problem is relatively new. Early scholarly attempts conceptualized red tape at the individual level as in Merton's classic thesis about goal displacement or Gouldner's notion that red tape is intimately tied to an individual's perspective (Gouldner 1952; Merton 1940). The classic public administration perspective, rooted in interest group pluralism, has hewed close to Gouldner's perspective as expressed by Waldo (1946: 399), "one man's red tape is another man's system" and echoed three decades later by Kaufman (1977: 4), "one person's red tape may be another's treasured safeguard".

It is only recently that there has been movement in the direction of rethinking of red tape as a system level variable, characterized by "good people trapped in bad systems" (Gore 1993; Osborne and Gaebler 1992). This shift is best illustrated in Osborne and Gaebler's (1992: 110) words: "The glue that holds public bureaucracies together, in other words, is like epoxy: it comes in two separate tubes. One holds rules, the other line items. Mix them together and you get cement." This approach does not disparage public managers but paints a rather empathetic picture recognizing the constraints they operate under.

A key aim of recent reform movements, such as new public management (NPM) and reinvention, is on freeing public agencies from burdensome rules and providing the

necessary flexibility to enhance performance (Hood, 1991; Osborne and Gaebler, 1992). These reforms focus on dysfunctional aspects of management systems, such as a concentration of organizational energy on process rather than results, and the constraints management systems impose on managerial authority in utilizing different resources. The solutions proposed by this literature target these dysfunctions, calling for reduced red tape and greater freedom in the areas of personnel, procurement, and financial systems (Thompson and Riccucci 1998).

Recent theoretical work on red tape shares many assumptions with reformers who see red tape as a barrier to public sector performance. Most prominently, Bozeman (1993, 2000), argues that while some rules are functional, others in the form of red tape exert a compliance burden and can therefore be expected to have a negative effect on performance. This assumption is reflected in Bozeman's (1993: 283) definition of red tape as "rules, regulations, and procedures that remain in force and entail a compliance burden for the organization but have no efficacy for the rules' functional object." Bozeman also draws a distinction between organizational red tape and stakeholder red tape. This chapter focuses on organizational red tape, which imposes a "compliance burden for the organization but makes no contribution to achieving the rule's functional object (Bozeman, 2000: 82)." Although this definition provides a useful starting point, it has two key limitations -- it is broad in scope and is not anchored to specific referents.

Pandey and colleagues offer a modification that helps overcome these limitations. Pandey and Kingsley (2000: 782) define red tape as "impressions on the part of managers that formalization (in the form of burdensome rules and regulations) is detrimental to the organization." This modification helps by avoiding "the necessity of a detailed case

study of every rule for determining organizational/social significance of the rule's functional object ... and, rather than leaving determining organizational/social significance as an open matter, it provides a clear guideline. Simply put, red tape exists when managers view formalization as burdensome and detrimental to organizational purposes (Pandey and Scott 2002: 565).” Recent work (Pandey and Welch, forthcoming) has argued that our understanding of red tape will be advanced by focusing on specific management sub-systems, rather than relying on generic unanchored evaluations. For this reason, we employ measures of red tape in three key management domains – human resources, purchasing/procurement and information systems.

Based on a fundamental acceptance among both reformers and recent theoretical work that the burdens of system-level red tape have a negative effect on organizational performance, our first hypothesis is:

H1: Red tape negatively affects organizational performance.

If burdensome rules and constraints cause lower performance, can eliminating rules and regulations improve performance? The basic logic of reformers is that improved performance through reorganized processes could not be achieved without giving managers the freedom necessary to make such changes (Moynihan and Pandey, forthcoming). However, organizations operating under similarly burdensome rules show significant variability in performance outcomes (Ban 1995). Thus, bureaucratic red tape in different management systems does not completely determine performance – the effect of red tape on performance is moderated through other variables. We use the term moderation in its classic sense as described by Baron and Kenny (1986). Moderation

occurs when a moderating variable either amplifies or mitigates the relationship between two variables of interest. Typically, an interaction term (a product of the independent and the moderating variable) in multiple regression is used to model the moderation effect.

We posit and test the effects of two moderator variables, namely organizational culture and political support for the organization. Before discussing these variables further, we briefly explain the underlying logic for the moderating role. To paraphrase a popular saying, red tape represents the triumph of means over ends. Reification of means in public organizations is facilitated by personnel, procurement and other systems, typically operating under statute or difficult to change administrative rules, with the locus of accountability at a higher level of governance than the focal organization. As a result, there is a tendency for sub-goals of different management systems to acquire unusual prominence. When sub-goals compete rather than complement overarching organizational goals, the net result is a decline in organizational performance. The moderating factors we propose dampen the influence of “sovereign” sub-goals and thereby improve performance. We discuss in greater detail the role played by the moderating factors below.

Organizational Culture as a Moderating Factor

One perspective on organizational performance is that it is primarily one of control and coordination (Steiss 1982). The classical age of organization theory features the assumption that bureaucracies with streamlined command and control mechanisms successfully deal with control and coordination issues. There is support for this notion in historical work which shows that elaboration and entrenchment of the bureaucratic form

led to better control and coordination mechanisms; which in turn had a positive impact on performance (Yates 1989). It is, however, a mistake to assume that it is merely the bureaucratic form of organization, with clear reporting lines, that holds the keys to coordination and control issues.

Indeed, large hierarchies with many layers of reporting can distort both the downward and upward flow of information which in turn can negatively influence performance (Pandey and Garnett forthcoming). While the size of the hierarchy is a salient consideration from a control/coordination perspective, an equal challenge is posed by the existence of management sub-systems that are not fully under organizational control. Ouchi (1980) was among the first scholars to point out that when bureaucratic control and coordination mechanisms fail, organizations rely on aspects of culture such as “traditions” rather than “rules” to facilitate control and coordination. Ouchi’s (1980; 1981) argument that organizational culture is a key determinant of performance gained wide currency through the 1980s (Deal and Kennedy, 1982; Peters and Waterman, 1982, Schein 1992).

Systematic empirical examination of the impact of culture on performance of public organizations is rare. However, discussion of culture tends to emphasize its importance for performance (Boyne 2003; Brewer forthcoming; Rainey and Steinbauer 1999). Brewer (forthcoming) finds that cultures characterized by efficacy and meaningful/engaging work are associated with higher performance. But by and large, the link between culture and performance is generally based on the premise that the culture is mission-based (Rainey and Steinbauer 1999). As Boyne (2003: 371) notes: “The core idea is that organizations that focus on results rather than procedures and have an external

rather than internal orientation are likely to perform better.” The underlying logic for this relationship is that a mission-based culture will prompt managers to act with a greater entrepreneurial style rather than dwell on constraints. A mission-based culture, therefore, does not improve performance by eliminating red tape. Rather, it encourages managers to find ways to cope with and overcome red tape.

Carolyn Ban’s (1995) research on federal agencies offers qualitative empirical support for this relationship. She finds that managers in Environmental Protection Agency (EPA) were more adept at mitigating the negative effects of human resource constraints than managers in other agencies. Ban concludes that EPA was able to stay within human resource constraints and yet succeed in achieving organizational goals due to a dynamic and entrepreneurial organizational culture. The EPA culture rewarded creative problem solving and risk taking in pursuit of the organizational mission.

Measuring culture presents some challenges that one does not encounter in qualitative studies. Ashkanasy et al. (2000) make a distinction between “typing” and “profiling” approaches in studies using questionnaire data. While the typing approach assigns a specific cultural type, profiling recognizes that an organization does not neatly fall into a single category. Therefore, it is best to view culture as a dimensional property with the unique culture of an organization comprised of a combination of different levels of the component dimensions. Consistent with this view, Zammuto and Krakower (1991), based on the work Quinn and Rohrbaugh (1983), propose four dimensions of organizational culture – group culture, hierarchical culture, rational culture and developmental culture. In considering the role of culture in our theoretical model, we specifically focused on a culture dimension that can mitigate the negative effect of red

tape. Especially suitable for this purpose is developmental culture, a cultural orientation that places high value on a focus on the organization (rather than people), flexibility, readiness, adaptability and growth (Zammuto and Krakower 1991). The developmental culture dimension is most similar to the mission-based culture that inspires managers to find ways to overcome inertial aspects of bureaucratic red tape. Therefore, we hypothesize:

- H2: Organizations with developmental cultures will have higher organizational performance.
- H3: Organizations with developmental cultures are better able to mitigate the negative effects of red tape on organizational performance.

Political Support as a Moderating Factor

Much has been written about the value of political support for the operations of public organizations. Following the discrediting of the politics-administration dichotomy, a number of scholars have highlighted different ways in which political support influences organizational performance (Long 1949; Wilson 1989). Thompson and Riccucci (1998) argue that a political system characterized by multiple principals and uncertain support can result in extremely cautious behavior, avoidance of reasonable risk taking, lack of flexibility and decline in innovation. In turn, one can expect these conditions to lead to decline in performance. Scholars have also made the point that agencies with an attractive mission are better positioned to develop and sustain political support (Rainey and Steinbauer 1999:16). Our purpose, however, is not to explain what leads to high levels of political support but to make an argument for the moderating effect of political support on the relationship between red tape and performance.

In making the argument for positive effect of political support, we focus on the role of elected officials. No group of political actors is more important to the operation of public agencies than elected officials. Through a variety of formal hierarchical as well as informal mechanisms, elected officials have the opportunity and ability to penetrate deeply into the inner workings of public organizations. Thompson (1967) has persuasively argued that relatively unhindered operations of the technical core of the organization is important for achieving high levels of performance. For public organizations, part of this technical core is made up of rules and procedures enshrined in different management sub-systems. This technical core is more open to external scrutiny and manipulation by a range of political principals. A practical example of this comes from the efforts of the Clinton administration to provide waivers from federal rules for any agencies or units that wished to avail of them. Thompson and Ingraham (1996) found that the ability to win these benefits often depended on whether the agency was dependent on a central agency such as the Office of Management and Budget, and if so, their ability to overcome objections that central agencies had to eliminating these waivers.

Organizations with low levels of political support are more vulnerable to external scrutiny and are, as a result, less free to coordinate the workings of different management sub-systems for maximizing organizational goals at the expense of sub-system goals. Vigorous external scrutiny means that organizations can ill afford to deviate from rules and procedures under which management sub-systems operate. Even if such deviations may, in principle, have been driven by performance considerations, opponents are likely to use these deviations to attack the agency. Organizations enjoying high levels of

political support, on the other hand, are not only able to maintain a viable technical core but to get the most out of it in terms of performance by coordinating the functions of different sub-systems optimally. Therefore we hypothesize:

H4: Organizations with high levels of political support from elected officials will have higher levels of organizational performance.

H5: Organizations with high levels of political support from elected officials are better able to mitigate the negative effects of red tape on organizational performance.

DATA, MEASUREMENT, MODEL SPECIFICATION AND FINDINGS

Sample Selection and Survey Administration

The data for this study were collected in Phase II of the National Administrative Studies Project (NASP-II) which focused on state level primary human service agencies. There was a lot of variation across states in the design and administration of these agencies (APHSa 2001). Twenty-four states had an umbrella agency, twenty had two large agencies and the rest had more than two agencies, bringing the total number of state primary human service agencies to eighty-five. Just two of the programs administered by these agencies, Medicaid and State Children's Health Insurance Program, serve over 50 million beneficiaries with total spending likely to exceed \$300 billion in FY 2004 (Smith et al. 2004).

In addition to collecting information from secondary data sources, primary data was collected from a survey of senior managers in the agency (for more details see Pandey 2003; Moynihan and Pandey 2005). We explicitly instructed respondents to answer questions from the perspective of the agency at large. We received 274 responses for a response rate of approximately 53%. These responses provided broad coverage with response(s) received from all but two of the agencies.

Measures

Because our unit of analysis is the organization, we aggregate responses by organization and use the mean score derived from all responses from a given organization. Lincoln and Zeitz (1980) have demonstrated that such measures, based on individual self-reports, are valid indicators of organizational properties. In order to enhance the validity of our measures we were very careful in choosing key informants -- these key informants were senior managers performing roles that are likely to provide in-depth information on a wide range of salient issues facing the agency.

The number of respondents per agency ranged from 1 to 8, with a mean of 3.3 respondents per agency. It would have been ideal to have more respondents per agency, and perhaps it is limiting to assume that the views of a small number of respondents represent the agency. However, this is consistent with standard practice and indeed goes beyond it by relying on more than a single key informant to measure organizational properties. Tests for the consistency of intra-organizational responses also supported the assumption that respondents' answers mirrored those of others within the agency.ⁱ

Organizational Performance Measures

There is no clear consensus on the best approach for measuring organizational performance. Indeed, there were broad areas of disagreement in early efforts to define organizational effectiveness (Moynihan and Pandey 2005: 429). Thus, efforts to measure organizational performance need to begin with an explicit recognition of underlying choices and resultant trade-offs.

We measure organizational performance through questions about agency effectiveness in accomplishing its core mission and perceived service quality. Our approach is consistent with others measuring agency effectiveness based on manager's ratings (e.g. Brewer and Selden 2000; Mott 1972). Brewer (forthcoming) notes additional precedents for using perceptual measures of performance in both public and private agencies. Such measures have been found to correlate with objective measures of performance, enjoying moderate to strong positive associations (Walker and Boyne 2004).

The ideal performance measurement situation is one in which there is widespread agreement about what the organization should be doing, and that this goal can be accurately identified through a limited number of measures. However, these conditions rarely exist for public organizations. Despite subjective origins, perceptual measures have some benefits, although we do not suggest that they replace program performance results, or stakeholder evaluations. First, the respondents are asked for their perspectives on the entire organization, rather than a specific program. This avoids the necessity of equating programmatic measures of performance with organizational performance. Second, while external stakeholders can provide an alternative and valuable perspective on performance, it becomes more difficult to rely on these views where stakeholders are numerous and have conflicting viewpoints, a circumstance common to state level primary human service agencies (Grogan and Patashnik 2003; Pandey 2002). The performance evaluations of one set of stakeholders might run contrary to others. Public managers are targeted by stakeholders to incorporate their goals, and are likely to have a more balanced perspective on the capabilities and difficulties involved in satisfying multiple stakeholder

groups. In sum, while an employee-based perceptual measure will be broad and necessarily approximate, it relies on the views of those who know the agency best, and does not extrapolate organizational performance from highly specific programmatic measures or rely on one set of stakeholder perspectives to extrapolate organizational performance.

Mission effectiveness was measured by asking the respondents to rate the following statement on a 0-10 scale, with 0 indicating not effective at all and 10 indicating extremely effective: *On an overall basis, please rate the effectiveness of your agency in accomplishing its core mission.* Service quality was measured by a summative index of four items (Gianakis and Wang 2000), each of which was rated on a 5-point Likert scale:

- *Our agency can provide services the public needs.*
- *Our agency can satisfy public needs.*
- *Our agency can provide high quality of public service.*
- *Our agency can reduce criticism from citizens and clients.*

Measuring Independent Variables

The first set of independent variables measure red tape in three key management sub-systems, namely human resources, procurement/purchasing and information systems. All these questionnaire items were rated on a 5-point Likert scale. Human resources red tape was measured by a summative index of the following items (Rainey 1983; Pandey and Scott 2002):

- *Even if a manager is poor performer, formal rules make it hard to remove him or her from the organization.*
- *The rules governing promotion make it hard for a good manager to move up faster than a poor one.*
- *The formal pay structures and rules make it hard to reward a good manager with higher pay here.*

- *The personnel rules and procedures that govern my organization make it easier for superior to reward subordinates for good performance (reversed).*

A summative index of the following items was used to measure procurement red tape:

- *The rules governing purchasing/procurement in my organization make it easy for managers to purchase goods and services (reversed).*
- *Due to standard procedures, procurement is based more on the vendor's ability to comply with rules than on the quality of goods and services.*
- *The rules governing procurement make it hard to expedite purchase of goods and services for a critical project.*

Information systems red tape was measured by a sum of the following items:

- *Rules and procedures on preparation of information system reports ensure that managers receive timely information (reversed).*
- *Procedural requirements for information system requests make it difficult for managers to obtain relevant information.*

Developmental culture was measured with items adapted from Zammuto and Krakower (1991). Respondents were presented with brief descriptions of the organization's work environment and asked to express their agreement (on a 5-point Likert scale) with the extent to which each description accurately portrayed their organization:

- *My agency is a very dynamic and entrepreneurial place. People are willing to stick their necks out and take risks.*
- *The glue that holds my agency together is a commitment to innovation and development. There is an emphasis on being first.*
- *My agency emphasizes growth and acquiring new resources. Readiness to meet new challenges is important.*

Political support from elected officials was measured using items developed by Gianakis and Wang (2000), with each items rated on a 5-point Likert scale:

- *Most elected officials in our state trust the agency.*
- *Most elected officials are very critical of the agency (reversed).*
- *Most elected officials believe the agency is competent.*
- *Most elected officials believe that he agency is effective.*

Findings

We provide key details on each measure used in the study in Table 1.

Interestingly, the mean scores on the two measures of organizational performance were somewhat higher than the midpoint of the scale. This does not, however, suggest that most organizations were superior performers. Rather, it may be indicative of a response style in which there was a tendency to use higher ratings. As indicated by the scores on human resources, procurement/purchasing and information systems red tape, it seems that red tape was a significant feature in these organizations. Scores on developmental culture, political support of elected officials are also displayed in the table.

Table 1 about here

Our primary modeling goal was to test for the moderating effects of organizational culture and political support from elected officials on red tape. Although we were not seeking to test for main effects of red tape on performance, we included the three red tape dimensions and a main effect of the moderating variable in the regression for purposes of comparison and complete specification. To test for three sets of moderating effects, we computed product terms by multiplying the moderating variable individually with three red tape dimensions -- these product terms were computed after centering the component variables.

For both measures of organizational performance, we estimated two regression equations, with the first testing the moderating effects of developmental culture and the second that of political support from elected officials. Given our concerns about statistical power and multicollinearity, only one set of interaction terms with one of the

moderating variables was included in a regression equation (Jaccard et al. 1990).

Regression diagnostics were performed to test for multicollinearity and influential data.

For checking multicollinearity, we relied on variance inflation factors (VIFs). These values were well within tolerable limits, with the highest VIF standing at 3.12 (Belsley et al. 1980). We found few instances of influential data points in each regression and ascertained that the results were not overdetermined by these data points.

For each combination of performance measure and moderator variable, we estimated the following model:

Organizational Performance =
 f (Human Resource Red Tape, Procurement Red Tape, Information Systems Red Tape, Moderator Variable, Product Terms with Moderator Variable for the three red tape dimensions)

Table 2 presents the regression results for mission effectiveness as the dependent variable, with the first column presenting regression results for developmental culture as the moderator and the second column presenting the results for political support as the moderator. Both models were statistically significant, with adjusted R^2 of .665 and .607 respectively. The direction of the relationships between independent variables and mission effectiveness matched the hypotheses. Red tape dimensions were negatively related to effectiveness, although the procurement variable is not statistically significant. The main effects due to both moderator variables were statistically significant and in the expected direction indicating a positive relationship with performance.

Table 2 about here

We found partial support for moderation hypotheses as well (H3 and H5). The interaction term for human resources red tape and developmental culture was positive and statistically significant, indicating that high levels of developmental culture mitigated the negative effect of human resources red tape on mission effectiveness (H3). To facilitate understanding of moderation effect presented in Table 2, we provide a graphical depiction in Figure 1. The lines represent the relationship between human resource red tape and mission effectiveness at different levels of developmental culture. In plotting this interaction, we chose three levels of developmental culture (low=3, medium=8 and high=13) and held the values of information systems and purchasing/procurement red tape at their mean. Figure 1 shows that at low developmental culture, mission effectiveness declined sharply as human resources red tape increased. At medium developmental culture, the slope of this decline was dramatically less steep and at high levels of developmental culture, there was a slight increase in mission effectiveness at high level of human resources red tape.

Figure 1 about here

This pattern of relationships between red tape, the moderating variables and performance held across all the regression estimations. The interaction terms for both human resources red tape and information systems red tape, with political support as the moderator variable, were positive. This indicates that the negative effects of human resources and information systems red tape respectively on mission effectiveness were moderated by political support from elected officials. We provide graphic illustration of both these interactions at three different levels of political support (low=4, medium=11, high=18) while holding other variables at their respective means. Both Figure 2 and

Figure 3 showed a pattern similar to Figure 1. Under low levels of political support, mission effectiveness showed a steep decline as red tape increased. At medium level of political support, this decline was less steep and under high level of political support, there was a modest increase in mission effectiveness even as red tape increased.

Figure 2 and 3 about here

The results of the regressions using service quality as the dependent variable are presented Table 3. Both models, one with developmental culture and the other with political support as the moderator, were statistically significant with adjusted R^2 of 0.353 and 0.365 respectively. Regression coefficients for the three red tape dimensions were all negative in accordance with H1. However, only procurement red tape approached statistical significance in the first regression. In the second regression both procurement and human resources red tape were statistically significant. There was support for main effects for both moderator variables with respective coefficients being both positive and statistically significant (H2 and H4).

Table 3 about here

Again, we found partial support for both moderator hypotheses (H3 and H5). The coefficients for the interaction term of procurement red tape, with developmental culture and political support, were both positive and statistically significant. Using parameters similar to earlier graphic depictions of the moderation effect, we provide a graphic illustration of moderation effect of developmental culture and political support respectively in Figure 4 and 5. The nature of relationships was similar to earlier patterns with both high level of developmental culture and political support separately providing mitigation of the negative effect of procurement red tape. At a high level of each of these

moderator variables there was an increase in service quality in spite of increased procurement red tape.

Figure 4 and 5 about here

CONCLUSION

Our goal in this chapter was to link disparate strands in the public management literature, specifically recent developments in red tape research with performance management. This is important because red tape figures prominently in real-world efforts to improve performance of public organizations. While there was some variation between models, all four regressions offered support for the three basic components of the theory we have proposed: that red tape negatively effects performance; that political support and culture matter to performance; and that political support and culture have moderating effects on the relationship between red tape and performance. The first two components of the theory are well-established claims, although they do not enjoy such clear empirical support. The third component is both theoretically novel and offers some nascent quantitative support to the limited case study evidence typified by Ban (1995).

Before discussing our findings, it is helpful to place the findings in the context of their limitations. Our results are based on a sample of managers working in state level human service agencies. Although we sample a range of senior managers from agencies that play a major role in delivering health and social services in the US, efforts to generalize beyond this set of agencies should proceed with caution. As noted earlier, the performance measures we use are based on assessments by senior managers only. While we make a case for the use of well-informed internal stakeholder assessments,

replications using performance measures derived from other sources is necessary on both methodological and credibility grounds. Finally, although all the study measures show Cronbach alpha within acceptable range further testing may be necessary for establishing construct validity. Such efforts could test divergent validity of constructs and they could also get into face validity considerations in measuring specific constructs. For example, one of the information systems red tape items seems to tap into construct space for both red tape and performance and the service quality measures may get into both quality of services delivered by the agency and the agency's success in communicating about the quality of services it provides (Pandey and Garnett forthcoming).

Despite these and other potential limitations, our findings add value to the performance management literature by providing evidence for negative effect of different types of red tape on performance and also confirming insights on how these negative effects may be mitigated. The results are credible for a number of reasons. First, we lay out sound theoretical grounds for expecting that organizational culture and political support can mitigate the negative effects of red tape. Second, our data collection procedures followed the highest standards; we provided very clear and specific directions to the respondents and ended up obtaining responses from 83 out of 85 state-level human service agencies. Third, the absence of multicollinearity and significant influence from outliers provide indirect evidence that the results are not merely an artifact of overfitting data. Finally, other studies employing different samples and methodologies report similar findings (Ban 1995; Moon and Bretschneider 2002; Pandey and Bretschneider 1997).

How do our results, then, make a contribution to our Lewinian pursuit to develop and test theory that may be characterized as being quite practical? First, we find not surprisingly that red tape has a negative effect on performance. The practical and somewhat “knee-jerk” response to the presumed relationship between red tape and performance has been to cut rules and red tape as a means for improving performance (Gore 1993; Osborne and Gaebler 1992). In some cases this has proven difficult because some rules are deeply entrenched. For example, the Clinton administration was largely unable to adjust the core civil service statute that determined personnel rules (Thompson and Ingraham 1996). However, our findings about moderating effects of developmental culture and political support suggest that organizations can mitigate the negative effects of red tape through alternate modalities.

Indeed, we find that at high levels of the two moderating variables, increase in red tape is associated with improved performance. Although this finding is counter-intuitive and certainly warrants further investigation, it highlights the fact that red tape does not overdetermine organizational processes and outcomes. Organizations that vary in the proactive nature of their culture will behave differently when faced with the same set of constraints. Some will accept the constraints as given, and may even over-exaggerate their impact. Other organizations will seek to test the limits of these constraints, work around them, or interpret them in a way that allows a positive action bias. Organizations that enjoy higher political support will feel less constrained by rules and regulations because they do not operate in the shadow of a “gotcha” approach to accountability where legislatures are actively policing organizational errors.

Moreover, others offer supporting evidence. Ban (1995) in her case study of four federal agencies shows that some agencies were better at overcoming personnel constraints and were more successful in recruiting qualified personnel. Bretschneider and colleagues (Moon and Bretschneider 2002; Pandey and Bretschneider 1997) using data from two separate questionnaire-based studies found that high levels of red tape prompted managers to be more innovative in using information technology. Moon and Bretschneider (2002: 288) offer the following explanation, “As the transaction cost of red tape increases and reaches a certain point, the organization seeks an alternative solution to reduce the transaction cost.” We believe and indeed show that it is possible to go beyond the abstractions of transaction cost and offer explanations that explicitly account for the institutional context of public organizations.

What advice does this offer to public managers wary of the transaction costs imposed by red tape? Our findings here are similar to reports that a drug previously known to reduce the risks of heart disease is now found to lower risks for cancer as well. Public management scholarship has for years preached the benefits of a mission-based culture and strong political support for building successful public organizations. We are, in effect, prescribing the same recommendations, but for somewhat different reasons. Developmental culture and political support also help to reduce the negative effects of red tape on performance, thus offering a previously undiscovered benefit. Of course, it is relatively easy to tell public managers to change their organization’s culture and increase its political support. It is quite another to actually do it. Indeed, these factors are difficult to change. Organizational cultures can be deeply entrenched, and political support

depends to a large degree on agency mission and the composition of stakeholder support.

However, public managers now may have one additional reason to make the effort.

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Table 1: Univariate Statistics

Study Variables	Items in Scale	Cronbach's Alpha	Potential Scale Range	Midpoint	Mean	Standard Deviation
Mission Effectiveness	1		0-10	5	7.1	1.39
Service Quality	4	0.72	4-20	12	16.5	2.28
Human Resources Red Tape	4	0.69	4-20	12	15.2	2.59
Procurement/Purchasing Red Tape	3	0.67	3-15	9	10.7	1.70
Information Systems Red Tape	2	0.68	2-10	6	6.0	1.50
Developmental Culture	3	0.72	3-15	9	8.8	2.14
Political Support of Elected Officials	4	0.91	4-20	12	13.0	3.05

Table 2: Multiple Regression Results for Mission Effectiveness as the Dependent Variable

Independent Variables	Interactions with	
	Culture	Political Support
Intercept	7.381****	9.447****
Human Resources Red Tape	-0.0764* (-1.67)	-0.163*** (-3.67)
Procurement/Purchasing Red Tape	-0.0763 (-1.19)	-0.069 (-1.07)
Information Systems Red Tape	-0.130* (-1.75)	-0.174*** (-2.25)
Developmental Culture	0.309**** (5.20)	
Political Support		0.165**** (4.46)
<i>Interaction of Developmental Culture with</i>		
Human Resources Red Tape	0.057** (2.49)	
Procurement/Purchasing Red Tape	0.024 (1.03)	
Information Systems Red Tape	0.029 (0.83)	
<i>Interaction of Political Support with</i>		
Human Resources Red Tape		0.054**** (4.14)
Procurement/Purchasing Red Tape		0.025 (1.21)
Information Systems Red Tape		0.046* (1.96)
N	80	80
Adjusted R ²	0.665	0.607
F-value	23.71	18.68
Standardized betas displayed; **** p< 0.0001; ***p< 0.01; **p<0.05; * p<.1 T-scores displayed in parentheses.		

Table 3: Multiple Regression Results for Service Quality as the Dependent Variable

Independent Variables	Interactions with	
	Culture	Political Support
Intercept	17.914****	21.280****
Human Resources Red Tape	-0.042 (-0.40)	-0.162* (-1.76)
Procurement/Purchasing Red Tape	-0.239* (-1.79)	-0.249* (-1.97)
Information Systems Red Tape	-0.188 (-1.13)	-0.222 (-1.39)
Developmental Culture	0.351** (2.80)	
Political Support		0.149** (2.01)
<i>Interaction of Developmental Culture with</i>		
Human Resources Red Tape	-0.022 (-0.46)	
Procurement/Purchasing Red Tape	0.116** (2.49)	
Information Systems Red Tape	0.072 (1.06)	
<i>Interaction of Political Support with</i>		
Human Resources Red Tape		0.010 (0.39)
Procurement/Purchasing Red Tape		0.133*** (3.41)
Information Systems Red Tape		0.051 (1.15)
N	82	82
Adjusted R ²	0.354	0.365
F-value	7.41	7.73
Standardized betas displayed; **** p< 0.0001; ***p< 0.01; **p<0.05; * p<.1 T-scores displayed in parentheses.		

Figure 1: Moderating Effect of Developmental Culture on Mission Effectiveness

Figure 2: Moderating Effect of Political Support on Mission Effectiveness

Figure 3: Moderating Effect of Political Support on Mission Effectiveness

Figure 4: Moderating Effect of Developmental Culture on Service Quality

Figure 5: Moderating Effect of Political Support on Service Quality

ⁱ To gain a rigorous estimate of the extent to which the aggregated responses represented organizational properties, rather than individual respondents' predispositions, we assessed intraclass correlation coefficients (ICC) across individual responses for each organization on the variables employed in the regression model (McGraw and Wong). The measure indicates the proportion of variance between different respondents of the same organization, and the ICC estimates are based on mean squares obtained by applying analysis of variance models to these data (McGraw and Wong 1996). The ICC scores have an upper bound of 1, so higher positive scores close to 1 indicate a high degree of agreement between the different respondents. ICC statistics demonstrate high consistency in responses between members of the same organization in our sample: the lowest ICC is .661, and the next lowest is .833; the highest ICC is .989. The average ICC for organizations with multiple respondents is .944, and the standard deviation is .052.