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The *Journal of Public and Nonprofit Affairs* (*JPNA*) focuses on providing a connection between the practice and research of public affairs. This is accomplished with scholarly research, practical applications of the research, and no fees for publishing or journal access. *JPNA* publishes research from diverse theoretical, methodological, and disciplinary backgrounds that address topics related to the affairs and management of public and nonprofit organizations.

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Book Reviews

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Editor's Introduction: Making the Public Sector Work Better

Deborah A. Carroll – University of Illinois Chicago

In this new issue of *Journal of Public and Nonprofit Affairs*, we offer a collection of R*esearch Articles* focused on important ways by which government agencies and nonprofit organizations can work to improve their operational capacity, service delivery, and financial sustainability. Our *Social Equity* article offers insight and practical advice for increasing access to electronic research participation among individuals with disabilities. We offer two *Book Reviews* of important recent work focusing on political power and municipal takeovers and engaging citizens in contract governance. Finally, we introduce the *New Voices* section with a research article on the disruptive effects the COVID-19 pandemic has had on nonprofit operations and volunteer loss resulting from the shift to online service delivery.

Focusing on improving government operations, Jang et al. (2021) use discrete event history analysis to examine state adoption of performance-based budgeting and the factors that help to explain some states' resistance in doing so. Using four different potential explanations of budgetary rule choice, the authors analyze legislative adoption decisions from 1993 to 2008 and find that earlier adopters of performance-based budgeting primarily do so for financial management reasons, as well as from path dependence and mimicking behaviors. Surprisingly, the authors find that political preferences are not influential in such adoption decisions. Certainly, meeting financial challenges through innovative budgetary practices and financial management systems is crucial as states continue to face financial hardships, particularly as they emerge from the COVID-19 pandemic.

In a similar vein, Yaskewich (2021) analyzes the gambling expansion bill passed in Pennsylvania in 2017 to determine the underlying factors influencing local jurisdictions' decisions about whether to allow casino gambling or ban new casinos from opening within their borders. Using multilevel linear probability models, the author finds that household income, tax competition, consumer preferences for gambling, and racial composition of residents are influential in municipalities' decisions to opt out of the state-granted opportunity to expand gambling as a means for diversifying local tax structures. The insight from this study has important implications for other states considering allowing local autonomy in gambling expansion decisions.

Using regression analysis of strategic initiatives from a variety of U.S. municipalities, Mitchell et al. (2021) offer a contingent micro-organizational process implementation model to assess the extent to which strategic activities help to improve implementation outcomes. By giving consideration to all five implementation phases and three-way interactions to capture contextually appropriate practices, the authors provide evidence to support a multi-level and interdependent conception of strategy that warrants a broadening of public strategy implementation models. Based upon their findings, they offer specific implementation

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practices that are most impactful for a particular type of strategic initiative in a particular implementation phase.

Lee (2021) uses the framework of New Public Management, which suggests market-based reforms might generate indirect costs resulting in negative employee behavior in public sector organizations, to examine the relationship between contracting out and voluntary employee turnover in U.S. federal agencies from 2010 to 2017. The findings reveal that growth in contracting activity does increase indirect costs of federal agencies as reflected by higher turnover rates, but such effects are reduced when employees are more satisfied with their jobs. As such, this study provides important insight into how federal agencies might create a more desirable experience for their employees in the face of increasing contracting activity in order to reduce any potential destabilizing consequences resulting from employee turnover.

Turning to the nonprofit sector, Walters and Wallis (2021) examine the organizational capacity of nonprofit organizations located in rural and persistently poor counties in the Southern region of the U.S., which is an understudied geographical area encompassing much of the nation's rural poverty. Through the use of IRS Form 990 data and survey results, the authors are able to measure and assess organizational capacity in a variety of areas, including the strong areas of financial management, strategic planning, collaboration, and program planning, as well as the more challenging areas of evaluation, succession planning, fundraising, human resources, and volunteer management. Ultimately, the findings from this study help to provide important guidance for rural nonprofits to enhance their capacity and improve service delivery in areas where needs are greatest.

Kuenzi and Stewart (2021) analyze the career backgrounds of nonprofit executives to assess the extent to which their credentials and experience helps to accelerate their pathway up to the top position. As expected, their findings reveal that nonprofit sector experience is integral to the upward mobility of nonprofit executives; however, other factors like education, credentials, and other previous experience unsurprisingly do not reduce their time to the top position. This study offers important implications for nonprofit leadership development and professionalization of the sector, suggesting complexities that have previously been undiscovered.

In this issue's *Social Equity* section, Allgood (2021) highlights the unique and important issue of increasing access to public administration research for individuals with disabilities. The author provides an informative discussion of the various types of categorical disabilities, their manifestations, and prevalence of them among individuals in the U.S. She then provides a series of examples of electronic research designs and data collection methods and how individuals with disabilities might be limited or prevented from participation, thereby leaving research samples less representative of the broader population studied. The author then offers a helpful account of how electronic research might be developed in a more equitable manner to remove barriers for individuals with disabilities to ensure greater participation and more profound adherence to social equity as a core principle of public administration research.

In her review of Nickels' (2019) book entitled, "Power, Participation, and Protest in Flint, Michigan: Unpacking the Policy Paradox of Municipal Takeovers," Eikenberry (2021) highlights the important but often neglected topic in public administration of municipal takeovers and the related division of powers between state and local governments. By highlighting the historical and contemporary perspective of the book, Eikenberry (2021) is able to contextualize the set of financial challenges faced by Flint, Michigan within the broader consideration of local democracy and, in particular, the institutional role of philanthropic foundations and other elites in shaping local powers. In doing so, Eikenberry (2021) highlights the effective approach of Nickels (2019) in presenting a case of municipal takeover that moves beyond technical explanations to shed an important light on the underlying political context and issues of structural racism as paramount to perpetuating the city's problematic fiscal condition.

Also, Gabrini (2021) offers an account of the book entitled, "Citizen Participation in the Age of Contracting: When Service Delivery Trumps Democracy," by Amirkhanyan and Lambright (2018). As explained by Gabrini (2021), the book utilizes interviews of contract managers from the private, nonprofit, and government sectors to examine the nexus of citizen engagement in contracting for human and social services. Gabrini (2021) highlights the useful literature review provided in the first two chapters of the book as comprehensive and well-rooted in the historical development of citizen participation in democratic processes broadly and the progression of public administration and its focus on professionalization. Ultimately, however, Gabrini (2021) notes that a major finding of this work is that contract managers have often not been overly successful in effectively engaging citizens in contract governance.

Finally, this issue of JPNA introduces a new section of the journal entitled, "New Voices," which is led by Section Associate Editor and incoming co-Editor of *Nonprofit Voluntary Sector Quarterly*, Jaclyn Schede Piatak. The *New Voices* section provides an outlet for early career scholars to refine their work for publication through a developmental peer-review process. With a goal of assisting pre-tenured faculty and doctoral students better navigate the review-and-publication process, authors receive detailed reviews, editorial guidance, and enhanced opportunity to revise work with potential to make an important contribution to the field. In the inaugural *New Voices* section, Newby and Branyon (2021) offer a timely and in-depth study of the implications of the COVID-19 pandemic that continues to have widespread consequences for essential service delivery. Through qualitative analysis of interviews of nonprofit managers in the Southeastern region of the United States, Newby and Branyon (2021) are able to shed new light on the disruptive effects of the pandemic on nonprofit operations and volunteer loss, which they examine through the lens of the resilience framework. In doing so, the authors discover that adapting to an online environment and the consequent loss of face-to-face service delivery for their clients has had as much, and perhaps even greater, an impact than the financial strain felt across the nonprofit sector.

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Research Article

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Practice and Theory: The Diffusion of State Legislative Budget Reform

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We question why some state legislatures responded to public discourse promptly while other state legislatures resist change. We use the choice of performance-based budgeting (PBB) to set the stage in answering this compelling question. We employ a logit model as a discrete event history analysis (EHA). We use the EHA to determine how and what variables influence the probability of an organization's qualitative change (or "event") at a given point in time. In this study, the organizations are states, and the event to be analyzed is the enactment of PBB law. Our data set is a modified panel of 50 states between the years 1993 and 2008. We study the factors that would influence state legislators to pass PBB laws across the nation. While our empirical result shows that political preferences are not statistically significant factors for states to pass PBB law, state legislators seem to favor the factors associated with the financial management explanation to adopt PBB. Also, the factors of path dependence and mimicking influence states to adopt PBB.

Keywords: Performance-Based Budgeting, Event History Analysis, Budgetary Rule Choice

The intellectual foundation of performance-based, mission-driven, and result-oriented government reform initiatives, commonly known as 'new public management' (NPM), was ushered into the public discourse in the United States in the early 1990s. In essence, the spirit of NPM reform requires the shift in focus from procedural accountability to managerial discretion in the use of public resources. As Thompson (1994) noted, NPM reform demands changes in the legislative budgetary process delegating budget authorities to the entities responsible for the delivery of government results.

Despite the pervasive reform effort, implementation strategies of the NPM reform were not uniform. While some state legislatures followed a strategy similar to the federal government, enacting performance-based budget laws, other state legislatures simply relied on the executive budget process to infuse more performance information into public resource allocation. Lu et al. (2011) provided compelling evidence suggesting that comprehensive performance-based budgeting (PBB) laws lead to more effective implementation. Given this positive relationship, the question of why some state legislatures responded to the public discourse in a timely manner while other state legislatures resisted the change is compelling. Indeed, timely responders such as Texas, Florida, and Minnesota, to name a few, are considered as the states with more effective PBB systems (Grizzle & Pettijohn, 2002; Melkers & Willoughby, 1998).

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Within the public administration literature, significant attention has been given to understanding why state governments choose a certain form of the budgetary process. From the previous literature on policy adoption and diffusion, we drew upon the work of four different (but not mutually exclusive) accounts of budgetary rule choice: fiscal management demand, political preference, path dependence to the existing fiscal institutions, and budget mimicking hypotheses. Although the legislative involvement is considered as a critical success factor of performance-based budget reform (Bourdeaux, 2006), the legislators' motivating factors for PBB law enactment have been ignored by prior studies.

Several prior studies on PBB tried to explain why a state would choose to adopt or not adopt the performance-based budget using an interview on perceptions of budget officials and state lawmakers (Hou et al., 2011; Melkers & Willoughby, 2001). However, the different explanations on budget reviewers' motivations to enact PBB have not been tested based on empirical data. This study intends to fill this void by examining the temporal pattern of states' enactment of performance-based budget laws. Using four different explanations of budgetary rule choice and event history analysis (EHA), we investigated those legislative adoption decisions and identified the four groups of key factors that would lead some state legislatures to earlier adoption of PBB laws.

We address timeliness in PBB adoption using an event history approach. Our results provide empirical support for the diffusion of federal budgetary reform through the state legislatures' enactment of PBB laws. Our findings are in line with the view that the adoption of PBB can be explained by practicing state legislators' eclectic consideration of the usefulness of PBB adoption for strategic fiscal management, political preference, path dependence, and the tendency of budget mimicking behavior, as offered by the academic literature. State legislators seem to favor the factors associated with the financial management explanation, however that too is limited on impact of adopting PBB. Rather, important factors of the four different theoretical explanations appear to be considered by state legislators.

The remainder of this paper is organized as follows: In the first section, we discuss the background of legislative involvement in the PBB in both the federal and state governments during the 1990s. Next, a framework of budgetary rule choice is established using four different explanations. In the third section, we describe the event history analysis (EHA) model used, data, and methodology. The final two sections include the analyses and discussion of the results and draw upon the analyses to provide conclusions about PBB implementation.

Legislating Performance-Based Budgeting

Since the first Hoover Commission's emphasis on the managerial orientation of the budgetary process in the late 1940s, the idea of PBB has been explored by the federal government (Schick, 1966). In parallel, state governments (for example, California and Utah) formed their own version of 'little Hoover Commissions' and instituted PBB systems focusing on their executive budget process. The majority of states claimed to embed performance information in the governors' budget proposals. Their efforts to infuse performance information into the executive budget proposal were mainly based on the governors' executive orders or state agencies' voluntarily developed budget-making practice. However, there was a lack of legislative effort to the enactment of PBB in order to require governors and state agencies to link performance measures to the budgetary process, including not only making executive budget proposals but also legislative budget review using performance information. As Schick (1971) pointed out, this lack of legislatures' commitment to link performance measures to budgetary process is partly due to the legislatures' reluctance to curtail line item–based budget control. It was quite difficult to overcome the long-standing tradition of the input-based budgetary process.

In the history of budgetary reform initiatives in the United States, Joyce (1993a) indicated that there is a tendency of revisiting the same reform ideas such as PBB. At the federal level, the reform initiative toward "rational" budgeting resurfaced in the early 1990s through the enactment of a series of laws providing an institutional foundation for PBB. First, the Chief Financial Officers Act of 1990 required the establishment of cost accounting systems and audited financial statements by the federal government. Subsequently, the Government Performance and Results Act (GPRA) of 1993 was enacted to stipulate the overall structure of a government-wide performance-based management system (Breul, 2007). While the previous effort to implement PBB had failed due to inadequate participation of budgetary actors (i.e., legislators), the GPRA of 1993 epitomized the legislatures' commitment to linking their budget review with the agency's strategic planning and performance measurement effort.

At the federal level, the GPRA of 1993 is characterized as requirements for strategic planning with focusing on results rather than activities (Government Accountability Office [GAO], 1997), annual performance plans and reports (Willoughby & Benson, 2011), and use of performance measures for justifying agencies' budgets (Jones & McCaffery, 2010). At the state level, PBB laws encompass the following two main components: (1) link strategic plan, performance measures, and budget, and (2) include oversight, incentives, and evaluation of performance measures. This study defines PBB as a budget reform to link performance measures and budget decisions. While the term 'performance budgeting' or 'performance-informed budgeting' is recently more often used to define this reform more broadly, we use the term 'performance-based budgeting' to highlight the initial idea of this budget reform. The narrow but original thought of this budget reform concentrated on the shift of focus from inputs or activities (input-based) toward results (performance-based). Also, PBB focuses on the use of performance measures for the funding decision (performance-based funding decision) rather than traditional need-based funding decision.

At the state level, a similar legislative effort was gaining momentum following GPRA of 1993. While there are some variations in the timing of enacting PBB laws across states, Table 1 shows that the majority of states (36 of 50 states) had enacted PBB from 1993 to 2009 (Lu et al., 2009). We argue that legislators' enactment of PBB law itself is a stronger change in budgetary rule than executive level practice without PBB enactment. Table 1 shows the years that states enacted PBB laws after the enactment of GPRA.

Explanations of Budgetary Rule Choice

The multiple roles to be served by PBB would induce different levels of the demand for PBB across states based on each state government's political, managerial, and economic conditions. As such, while all states were exposed to the exogenous shock of GPRA of 1993, the timing of enacting PBB laws would be endogenously determined by states. In order to understand the factors behind the timeliness of enactment of PBB laws by states, we draw upon the work of four different accounts of budgetary rule choice: fiscal management, political preference, path dependence, and budget mimicking.

Fiscal Management

Fiscal management is primarily focused on financial risk in a state. There are four orientations to consider for budgeting: planning, management, control, and funding. Schick (1966) pointed out the multifaceted financial functions of a budget, saying "every budget system, even rudimentary ones, comprises planning, management, and control process" (p. 244). Friedman's (1976) study on municipal budgeting practice added funding as another orientation to Schick's original three typological components.

Table 1. State Enactments of Performance-Based Budget Laws Following GPRA (Lu et al., 2009)

Year	State	Number of States
1993	California, Georgia, Idaho, Indiana, Minnesota, Montana, Texas, Vermont, Washington, Wisconsin, Wyoming	11
1994	Florida, Mississippi	2
1995	Alabama, Ohio, South Carolina	3
1996	Delaware, Nevada, Rhode Island	3
1997	Arizona, Louisiana, Oregon	3
1998	Hawaii	1
1999	New Mexico, Oklahoma	2
2000	Kentucky	1
2001	Colorado, Iowa	2
2002	Alaska, Tennessee	2
2003	Missouri, Nebraska, Utah, Virginia	4
2004	Maryland	1
2007	New Jersey	1

Note: The following states have not enacted performance-based budget laws since 1993: Arkansas, Connecticut, Illinois, Kansas, Maine, Massachusetts, New Hampshire, New York, North Carolina, North Dakota, Pennsylvania, South Dakota, and West Virginia.

In Stanford's (1992) empirical study on budget deliberations, she examined legislator inquiry about these four components. Stanford (1992) finds that, in planning, legislators are seen to focus on resource allocations; in management, the focus is on "activities of agencies, work measurement, administrative efficiency, and performance" (p. 19), while control is concentrated in "fraud, abuse, and misuse of funds" (p. 19). The final component, funding, conjectures, "Where do we get the money from?" Stanford (1992) showed that the count of state legislators' questions in the budget review process is focused on management (58%), control (24%), funding (14%), and planning (4%).

Budget reformers traditionally believe that adoption of PBB is intended to improve budget sponsors' (legislators') rationality in resource allocation (planning). Previous studies on the usefulness of PBB (Aristigueta & Justice, 2006; Broom & McGuire, 1995; Hou et al., 2011; Joyce, 1993b, 1997; Lee, 1997; Melkers & Willoughby, 2001) found little evidence of this traditional belief of PBB in resource allocation. Simply, the budget is not allocated among programs or agencies based on rationality. Empirical results on the impact of PBB on fiscal outcomes (Crain & O'Roark, 2004; Lee & Wang, 2009) did not conclude that PBB plays the role of a control device to reduce levels of spending and taxes.

Therefore, we argue that legislators adopt PBB law to address managerial and funding issues in the budget review process. This is distinct from the conventional interpretation of the role of PBB, where PBB is predisposed to be used as a tool of fiscal management and rational assessment. The argument for the adoption of PBB as a managerial and funding tool is underpinned in Moynihan (2006), Friedman (1976), and Stanford (1992); Moynihan argued that elected officials adopt PBB to provide a positive impact on organizational effectiveness (managerial), and Friedman and Stanford viewed funding as one of the key functions of a budget.

To measure the level of managerial demand of legislators, we use the concepts of budget risk and resource dependence. To address budget risk, uncertainty and volatility are key components. The recent literature on state financial volatility contends that volatility should be addressed as a risk (Crain, 2003; Staley, 2015, 2017) related to expected revenue and expenditure streams. The volatility may change the dialogue among participants in the budgetary process. PBB generates information on the unit cost associated with public services provided by each agency. The unit cost information is useful for the government to address an unstable financial environment and unstable revenue structures. As the level of fiscal self-reliance changes, the state is more cost sensitive to maintaining a constant provision of public services. Changing fiscal self-reliance can directly affect the state's need for intergovernmental grants and long-term debt, influencing risk and uncertainty in government finance (Florida Auditor General, 2007). For instance, if a state is highly reliant on federal grants, the state's dependency may require a commitment to follow budgetary rules enforced implicitly and/or explicitly by the federal government. The following hypothesis is derived:

> *H1*: High financial risk, uncertainty, and dependence increase the state's probability of PBB enactment.

Political Preference

While budget reform has struggled to incorporate rationality into the political process of budgeting (Rubin, 1990), the initiative of budget reform itself may be a political process (Wildavsky, 1961, 1988). As such, the enactment of PBB laws by state legislatures can be a manifestation of the state's political preference toward NPM budget reform following the federal initiatives.

Political preference explanations of budgeting are built on the assumption that the budgetary process is inherently political. The ideological position of the government determines the probability of budgetary rule choice regardless of the financial status of a state. Democratic political ideology is expected to increase spending and taxes (Cameron, 1978; Davis et al., 1974; Kiewiet & McCubbins, 1985; Tufte, 1978). Correspondingly, we could assume that Republican political ideology is expected to reduce spending and cut taxes. Traditionally, agencies' budgetary behavior has been described as budget-maximizing bureaucrats (Niskanen, 1968, 1971). This opportunistic behavior of agencies is due to their informational advantages (Mitnick, 1975; Smith & Bertozzi, 1998; Spencer, 1980, 1982). Thus, PBB can be viewed as a device to control the Leviathan-like budgetary behavior of agencies because PBB provides more rich information to budget reviewers (i.e., legislators) in the budgetary process. While results of empirical studies (Crain & O'Roark, 2004; Hou et al., 2011; Klase & Dougherty, 2008; Lee & Wang, 2009; Qi & Mensach, 2012) on the effects of PBB on spending and revenue are mixed, theoretical argument on the causes and consequences of agencies' budget-maximizing behavior and prescription to mitigate this problem fits the Republican political lens. Therefore, we argue that Republicans' political conservatism is expected to increase the likelihood of adopting PBB to achieve fiscal conservatism not because there is the real effect of the budget form on fiscal health, but because the budget form fits their political preference. The operationalized hypothesis is as follows:

> *H2*: Political conservatism increases the state's probability of PBB enactment.

Path Dependence

A budgetary reform by the federal government and its diffusion across states does not occur in a vacuum. It is influenced by existing fiscal rules, called path dependence (Pierson, 2000). An individual state's budgetary rule choice can be explained as an endogenous rule choice influenced by the existing arrangements of fiscal institutions. Although we are focusing on the potential vertical diffusion of PBB law enactment following GPRA at the federal level, an individual state's prior experience of having old PBB laws may reinforce the state's adoption of a more sophisticated and rigorous version of PBB.

Other fiscal rules emphasizing financial prudence may lead to a greater demand for a PBB system. Many states have fiscal self-control rules, such as a Balanced Budget Rule (BBR) and/or Tax-Expenditure Limitations (TEL). These other fiscal rules or prior experience with a less sophisticated PBB law may increase the likelihood of enacting a state PBB law following GPRA at the federal level. This prior financial prudence path leads to:

> *H3*: Prior fiscal prudence rules increase the state's probability of PBB enactment.

Budget Mimicking

There is prior research challenging financial and political explanations of the adoption of PBB (Melkers & Willoughby, 2001). From a sociological point of view, rules are for appropriateness and legitimacy, rather than economic and political rationalities. This explanation is built on March and Olsen's (1996) 'logic of appropriateness', in which right behavior means following rules. Sociological explanations argue that the choice of a rule is a mimetic process to adjust an actor's behavior to its peer, competitor, or neighbor. Even a budgetary rule is adopted as a symbolic response to peer pressure. Isomorphic process of practices (DiMaggio & Powell, 1983; Pierson, 2000), regional diffusion models in public policy (Berry & Berry, 1990, 1992; Crain, 1966; Kim et al., 2009), network effects (Ramanna & Sletten, 2014), and mimicking (Heyndels & Vuchelen, 1998; Revelli, 2001) view the choice of a rule as a way to follow social norms.

The isomorphic process of practices reflects the sensitivity of actors to the need to legitimate their activities (Pierson, 2000). DiMaggio and Powell (1983) argued that the history of management reforms in governments are full of examples of the isomorphic process of practices. For example, the Planning-Programing-Budgeting System (PPBS) of the McNamara era and the Zero-Based Budgeting (ZBB) of the Carter administration resulted from institutional legitimacy, rather than functional rationality. Likewise, the regional diffusion model of policy argues that there is a relationship between the previous adoption by neighbors and the possibility of current adoption by a government. For example, studies on tax adoption (Berry & Berry, 1992; Kim et al., 2009) found that the presence of neighboring states that have previously adopted a tax increases the probability of a tax adoption. Even economists use such a sociological factor to explain spatial fiscal interaction among governments. Ramanna and Sletten (2014) found that International Financial Reporting Standard (IFRS) adoption among European countries was self-reinforcing. Revelli (2001) found that when local governments in the United Kingdom decide to change a local property tax rate, they tend to mimic tax rates of neighboring governments. From the budget mimicking hypotheses, a state government may consider other states' budgetary rule choice and follow the dominant choice. From this point of view, PBB can be viewed as a social norm. Therefore, a state may count the number of states adopting PBB within geographical proximity or within the country itself. This behavior leads us to:

> *H4*: Increases in the number of states enacting PBB laws increases the probability of a single state enacting PBB law.

Data and Research Methods

The goal of this study is to determine what affects a state legislature's decision on whether to enact PBB laws. To test our hypotheses built on four different explanations, a logit model is employed as a discrete event history analysis (EHA). The purpose of EHA is to determine how and what variables influence the probability of an organization's qualitative change (or 'event') at a given point in time. In this study, the organizations are states and the event to be analyzed is an enactment of PBB law.

Our data set is a modified panel of 50 states between the years 1993 and 2008. We assume that the social process of vertical learning initiates with GPRA 1993, since the enactment of GPRA at the federal level, should be the moment when the states become 'at risk' of enacting PBB laws. The conceptual dependent variable *Enact* is the probability that a state will enact the PBB law in a year. Because the nature of enactment is low, *Enact* is measured with a dummy variable. *Enact* is coded "0" for the state-year in which PBB law is not enacted and 1 when the law is enacted. Once a state legislature enacts a law related to PBB, the state is dropped from our data set. Therefore, the states that never enacted PBB laws remain in the data set.

To estimate the logit-based discrete time hazard model on the enactment of PBB laws, we use the following EHA model:

$$Enact = \beta_0 + \beta_1 Own\ Rev.\ Volatility + \beta_2 Exp.\ Volatility + \beta_3 Fed.\ Intergovernmental\% + \beta_4 Non\text{-}Tax\ Rev\% + \beta_5 Debt\ Financing\ Cost + \beta_6 Ideology + \beta_7 Governor's\ Party + \beta_8 Prior\_PBB + \beta_9 BBR + \beta_{10} TEL + \beta_{11} US\_Wide + \beta_{12} Neighboring\ States + \beta_{13} Population + \beta_{14} Pop.Growth\% + \beta_{15} Gross\ State\ Prod. + \beta_{16} Per\ Capita\ Income + \beta_{17} Fed.\ Unemployment\% + \beta_{18} State\ Unemployment\% + \varepsilon$$

We choose four different groups of covariates representing the effects of fiscal management, political preference, path dependence, and mimicking. Related to the fiscal management consideration in explaining the motivation of PBB law enactment, we include the following five variables to measure demands for financial management: *Own Revenue Volatility, Expenditure Volatility*, *Fed. Intergovernmental%, Non-Tax Rev%*, and *Debt Financing Cost*. The first two measures of financial management are used to recognize financial risk or uncertainty in a state. The term *Own Revenue Volatility* reflects the level of risk or uncertainty of a state's own source revenue stream. *Own Revenue Volatility* is measured by a standard deviation of a state's own source revenue in constant dollars per 1,000 people over the period. The term *Expenditure Volatility* reflects the level of risk or uncertainty of a state's expenditure stream, representing the state's level of demand for public service. *Expenditure Volatility* is calculated as a standard deviation of the state's expenditures in constant dollar per 1,000 people over the period.

The following three variables measure financial risk and uncertainty due to the financial dependency of a state. *Fed. Intergovernmental%* denotes the ratio of intergovernmental transfers (e.g., federal grants) to total revenues. *Non-Tax Revenue%* denotes the ratio of non-tax revenues (e.g., user fees and charges) to total revenues. *Debt Financing Cost* is included by calculating the effective interest rate of a state's outstanding debt. *Debt Financing Cost* is calculated as the total interests paid divided by the total debt outstanding.

To test the political preference explanation, *Ideology* and *Governor's Partisanship* are used. *Ideology* represents the extent to which a state is controlled by a liberal party. This variable is measured by the liberalism score (0 through 100) defined by Berry et al. (2010). In their study on state government ideology, the liberalism score is estimated by various variables such as house ideology, senate ideology, and governor's ideology. Since a state's budgetary process is strongly influenced by the executive branch's budget, *Governor's Partisanship* is included as a proxy for the governor's political preference.

For path-dependency regarding rule choice, we include *Prior_PBB*, *BBR,* and *TEL*. *Prior_PBB* captures an individual state's prior experience with PBB laws, which may confound the hazard rate of PBB enactment after 1993. *Prior_PBB* is measured with a dummy variable that is coded 1 if a state had a prior PBB law before GPRA and 0 otherwise. Since there is no temporal variation regarding the adoption of *BBR*, we employ the balanced-budget index (1 through 10) estimated by the Advisory Commission on Intergovernmental Relations (ACIR, 1987) and exploit its cross-sectional variation with respect to the stringency of a state's balanced-budget rules. *TEL* is a dummy variable represented by 1 if a state has a tax and expenditure limitation rule and 0 otherwise.

To test the mimetic and isomorphic nature of budgetary rule choice, the following two variables are used: *US_Wide* denotes the total number of states that have adopted PBB laws post-1993; *Neighboring States* denotes the number of adjacent, border-sharing states that have adopted PBB laws post-1993.

As control variables, the following socioeconomic characteristics of a state are included in the equation: *Population* denotes population in thousands; *Pop. Growth%* denotes the year-over-year population growth rate of a state; *Gross State Prod.* denotes state gross product in millions of dollars capturing the size of a state's economy; *Per Capita Income* denotes a state's per capita income in thousands; *Fed. Unemployment%* denotes federal unemployment compensation expenditure scaled by federal-level per capita income; and *State Unemployment%* denotes state unemployment compensation expenditure scaled by state per capita income. The last three variables represent the state's economic condition. All variable definitions and sources are in the Appendix. In our EHA method, we cluster the error (ε) on states to address the unobservable state effects.

Results

We begin our discussion with the descriptive statistics. We observe in Table 2 that *Non-Tax Revenue%* indicates that, over the time period, the majority of state revenue came from non-tax sources. *Debt Financing Costs* over our time period, representing the effective interest rate on total debt outstanding, is about 6%. We see that Democrats held about 47% of the governorships, while the population was leaning liberal on the ideology score over the time period. States leaned toward a very strong balanced budget requirement; 52% of states adopted rules on tax and expenditure limits, with two bordering states having adopted PBB on average.

The descriptive statistics tell us only part of the legislature's behavior when adopting PBB. One could argue that the four different explanations are simultaneously associated with the practitioners' adoption of PBB. To address the simultaneous choice, we offer Table 3. Here it appears that not all of the different explanations are compatible with the choice of state legislators. In fact, the choice appears to be very strategic. For instance, our results suggest that as *Own Revenue Volatility* increases, PBB adoption is less likely, while as *Expenditure Volatility* increases, PBB adoption is much more likely. From a practice point of view, this is understandable. The state's own revenue volatility places the budget in jeopardy due to a lack of own source revenue, not performance, while expenditure volatility indicates a performance issue where spending may not be strategic. While own source revenue is negatively related to PBB adoption, *Non-Tax Revenue%* is positively related, although its magnitude is quite weak. We see that *Debt Financing Costs* are positively related with the odds ratio indicating that as debt financing costs rise, adopting PBB increases by a moderate factor of 1.52. Within this financial management explanation, *Federal Intergovernmental%* is insignificant. Simply put, federal intergovernmental transfers may not significantly affect the state legislators' choice of PBB.

Moving to the next different explanation for PBB, we find that the factors representing political preference are not significant enough to support the influence of politics on state legislators' choice to implement PBB. Looking at the path dependence explanation for PBB adoption, we find that the practitioners' experience with *Prior PBB* is negatively associated with the odds of

Table 2. Descriptive Statistics

Variable	N	Mean	Std. Dev.	Minimum	Maximum
PBB Adoption	412	0.09	*	0	1
Own Revenue Volatility	412	0.21	0.19	0.05	2.20
Expenditure Volatility	412	0.22	0.10	0.09	0.77
Federal Intergovernmental%	412	31.68	9.13	12.35	74.96
Non-Tax Revenue%	412	57.18	7.62	34.12	87.62
Debt Financing Costs	412	5.65	1.15	1.32	9.99
Ideology	412	52.76	21.64	6.51	92.21
Governor's Party	412	0.47	*	0	1
Prior PBB	412	0.22	*	0	1
BBR	412	7.76	2.70	0	10
TEL	412	0.52	*	0	1
US_Wide	412	23.33	8.46	11	36
Neighboring States	412	1.86	1.45	0	6
Population	412	5,126.70	4,682.59	469	31,147
Population Growth%	412	0.95	0.88	−0.54	6.24
Gross State Product	412	182,720.6	197,003.6	13,027	1,114,698
Per Capita Income	412	28.28	7.94	15.61	62.23
Federal Unemployment%	412	0.40	0.14	0.22	0.62
State Unemployment%	412	0.39	0.23	0.06	1.44

Note: * = Standard Deviation has limited meaning due to dichotomous variable measure.

PBB adoption. This is an indicator that prior experience matters; however, states' prior experience with PBB has a modest negative effect on PBB adoption. We find the opposite effect of *BBR*. Our results are consistent with the view that practitioners see *BBR* as a positive effect; as *BBR* rises, PBB adoption increases by a modest factor of 1.20. Our findings include that *TEL* has no statistical impact on PBB adoption.

Our last explanation is budget mimicking. Again, we find that only specific aspects of this different explanation appear to be used by state legislators deciding on PBB adoption. *US_Wide*, the number of states that have enacted PBB, does influence PBB adoption. As *US_Wide* increases, adopting PBB increases by a factor of 1.12, a very modest increase. This may indicate that practitioners take *US_Wide* into consideration, but it is not a large factor in their decision-making. *Neighboring States* is not a statistically important factor in PBB adoption.

We used a series of control variables found in the previous literature. Our results show that although *Population* and *Gross State Product* are statistically significant, they have odds ratios that have extremely small magnitudes. *Population Growth%* shows that as *Population Growth%* increases, adopting PBB increases by a factor of 1.71. P*er Capita Income* and *State*

Table 3. Event History Model of PBB Enactment

Variable	z	Odds Ratio
Fiscal Management		
Own Revenue Volatility	-1.80	0.071*
Expenditure Volatility	1.54	160.548^
Federal Intergovernmental%	-0.66	0.980
Non-Tax Revenue%	1.82	1.049*
Debt Financing Costs	1.91	1.518*
Political Preference		
Ideology	0.71	1.011
Governor's Party	-0.55	0.675
Path Dependence		
Prior PBB	-1.31	0.571^
BBR	1.48	1.195^
TEL	1.02	1.521
Budget Mimicking		
US_Wide	2.10	1.121*
Neighboring States	0.21	1.047
Controls		
Population	2.42	1.000*
Population Growth%	2.53	1.707*
Gross State Product	-1.81	1.000^
Per Capita Income	0.05	1.003
Federal Unemployment%	2.38	291.713*
State Unemployment%	-0.27	0.718
Constant	-3.21	0.000***
n	412	
Log-Likelihood	-105.40	
LR Chi-squared	41.30	
Pseudo R-square	0.1370	

Unemployment% are not statistically important, while *Federal Unemployment%* is significant and has a large effect magnitude.

Robustness Checks

To address the robustness of our results, we offer Table 4 as an examination of the linear combination of the factors that compose the literature's four different explanations. We argue that if the practitioner is choosing based on the underlying factors of the different explanations, we should see a significant result when testing whether or not the linear combination is equal to zero.

We begin with Fiscal Management, which is composed of Own *Revenue Volatility* + *Expenditure Volatility* + *Federal Intergovernmental%*+ *Non-Tax Revenue%* + *Debt Financing Costs*. As shown in Table 4, we have a very strong odds ratio in magnitude; however,

Table 4. Robustness Checks of Linear Combinations

	Odds Ratio	Std. Error	z	P>|z|
Fiscal Management	17.79	41.47	1.23	0.217
Political Preference	0.68	0.48	-0.54	0.587
Path Dependence	1.04	0.59	0.06	0.949
Budget Mimicking	1.17	0.25	0.77	0.441

the linear combination is statistically insignificant. This result suggests that a unique combination of Fiscal Management factors relevant to each state's fiscal environment needs to be considered to explain PBB adoption. This outcome provides some evidence that practitioners pick certain factors of fiscal management that may not follow the theoretical explanation.

Political Preference, which is composed of *Ideology + Governor's Party*, appears to have a negative effect on PBB adoption; however, the linear combination is not statistically different than zero as indicated below. This result mimics our findings in our simultaneous analysis.

Next, we look at the explanation called Path Dependence. Path Dependence is composed of *Prior PBB + BBR + TEL*. We note here, similar to our findings in the simultaneous analysis, that the odds ratio indicates a small effect. In addition, the linear combination compels us to state that practitioners are picking their important components that drive PBB adoption, not necessarily those explained in this aspect of the literature.

Lastly, we look at the linear combination of *US_Wide + Neighboring States*, which make up the Budget Mimicking explanation. As was found in the other linear combinations, we find that the linear combination is no different than a zero effect, with a small odds ratio similar to our simultaneous analysis.

Using these linear combinations, we find that our inference is robust. Our results from our simultaneous analysis lead us to conclude that state legislators chose specific components of what is offered in the academic literature.

Conclusion and Discussion

We began our research with the goal of explaining why states adopted their own state PBB law at a different time period after the passage of the federal GPRA of 1993. Our study investigates the factors that would lead state legislators to adopt PBB across the nation through four different lenses of motivations: fiscal management demand, political preference, path dependence to the existing fiscal institutions, and budget mimicking hypotheses. We believe that the four explanations are complementary. Four groups of factors influence together, rather than independently or competingly, state legislators in a state to adopt PBB law. State legislators might use strategic aspects of the four different reasons, some of the explanations used sensibly, and some used quite modestly. Where does this leave us? We believe that the literature, as it matures, will conceptually assimilate into the state legislators' behavior. This, of course, assumes that the academic literature can explain behavior, a rather grandiose expectation.

While our empirical result shows that political preferences are not statistically significant factors for states to pass PBB law, state legislators seem to favor the factors associated with the financial management demand to adopt PBB. In addition, the factors of path dependence and mimicking influence states to adopt PBB.

We hypothesized that a state with prior experience of having old PBB law is likely to reinforce the state to adopt a more sophisticated and rigorous version of PBB law after the federal passage of the GPRA of 1993. However, our empirical result shows that prior experience with PBB has a negative effect on the adoption of a more improved version of PBB. It may imply that the motivation of the state with a type of PBB to adopt a more rigorous version of PBB is lower than the motivation of the state without a PBB to adopt a PBB law. It may imply that if a state has already a type of PBB law, the state may tend to keep using the existing version of PBB, instead of replacing it with a new version of it. Meanwhile, if a state has no PBB laws, the state may adopt the most recent version of PBB law. The result may be what exactly path dependency is. In short, the early adopters are less likely.

However, we believe that while this type of path dependency could continue in the short- or medium-term, it will not continue forever. We expect that not only new adopters, but also early adopters, will eventually improve their PBB law. According to Lu and Willoughby's (2018) comprehensive study on the evolution of PBB law, 42 states (84%) had adopted a PBB law by 2017. In terms of the number of states with a PBB law, the diffusion of PBB law has increased among states over time. In terms of the contents of PBB laws, states have continuously improved their PBB law through amendments toward incorporating more PBB components (Lu & Willoughby, 2018).

Especially, state governments have confronted fiscal hardship under the COVID-19 pandemic. State governments have spent unusually high levels of public funds to address issues resulting from the COVID-19 pandemic, but they should accommodate break-even budgeting. Therefore, states need innovative budgetary and financial management systems to manage their public funds in order to meet financial challenges, including break-even budgeting. While state governments may have multiple motivations to adopt or improve their PBB laws, our study shows that states tend to adopt PBB laws for fiscal management. The continuously increased number of states adopting PBB, the long-term trend toward improving PBB law, current fiscal challenges, and states' demand for financial management will continue to increase the diffusion of state legislative-driven PBB adoption.

Disclosure Statement

The author(s) declare that there are no conflicts of interest that relate to the research, authorship, or publication of this article.

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Appendix

Table A1. Variable Definitions

Variable Name	Definition
Dependent Variable	
Enactment	An indicator variable equals "1" when a state enacts PBB laws and "0" otherwise (Lu et al., 2009)
Consideration of Fiscal Management	
Own Revenue Volatility	Standard deviation of state's own revenue in constant dollar per 1,000 people over 12-year periods (U.S. Census Bureau)
Expenditure Volatility	Standard deviation of state's expenditure in constant dollar per 1,000 people over 12-year periods (U.S. Census Bureau)
Debt Financing Costs	A state's effective interest rate on the debts outstanding calculated as the total interests paid divided by the total debt outstanding (U.S. Census Bureau)
Fed. Intergovernmental%	The ratio of intergovernmental transfer from the federal government to a state's total revenue (U.S. Census Bureau)
Non-Tax Revenue%	The ratio of a state's non-tax revenue to total revenue (U.S. Census Bureau)
Political Preference	
Ideology	State Government Ideology Index (i.e., liberalism score; Berry et al., 2010)
Governor's Party	An indicator variable equals "1" when a governor is a member of the Democratic Party and "0" otherwise
Path Dependence	
Prior_PBB	An indicator variable equals "1" when a state has PBB laws before 1993 and "0" otherwise (Lu et al., 2009)
BBR	Balanced-Budget Index: "1" indicating a very weak balanced-budget requirement through "10" a very strong balanced-budget requirement (ACIR, 1987)
TEL	An indicator variable equals "1" when a state adopts the rules on tax and expenditure limitations and "0" otherwise (Staley, 2015)
Budget Mimicking	
US_Wide	The number of states that enacted PBB laws
Neighboring States	The number of border-sharing states that enacted PBB laws
Control Variables	
Population	The population of a state in thousands (U.S. Bureau of Economic Analysis)
Pop. Growth%	A state's annual population growth rate (U.S. Bureau of Economic Analysis)

Gross State Prod.	A state's gross domestic production in millions of dollars (U.S. Bureau of Economic Analysis)
Per Capita Income	A state's per capita income in thousands of dollars (U.S. Bureau of Economic Analysis)
Federal Unemployment%	The ratio of federal unemployment benefit expenditure to the per capita income at the federal level (U.S. Bureau of Economic Analysis; U.S. Census Bureau)
State Unemployment%	The ratio of state unemployment benefit expenditure to the per capita income of the state (U.S. Bureau of Economic Analysis; U.S. Census Bureau)

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Local Opt-Out Provisions in a State Gambling Expansion: An Analysis of Pennsylvania Municipalities

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A 2017 gambling expansion bill in Pennsylvania included a provision that gave municipalities the option to ban a new casino from opening within their borders. This paper examines how different factors influenced local decisions on whether to allow casino gambling. Multilevel linear probability models indicate that municipalities were influenced by economic characteristics, as evidenced by a higher likelihood of allowing casinos in communities with lower levels of household income. Results also suggest that municipalities were influenced by variables related to tax competition and the percentage of residents who were Black. The findings of this study identify factors that may influence municipal governments when given the authority to opt out of a state gambling expansion capable of generating a new source of local tax revenue.

Keywords: Casinos, Gambling, Local Government, Municipalities

The availability of gambling activities as a legal form of entertainment has grown substantially over the last 30 years. After the 1987 decision by the U.S. Supreme Court in California v. Cabazon, which ruled that states could not regulate tribal gaming operations on Indian reservations, Congress passed the Indian Gaming Regulatory Act (IGRA) the following year to allow state regulation of gambling activities. Prior to California v. Cabazon and the IGRA, legal casino gambling in the U.S. was limited to Nevada and Atlantic City, which became key tourist destinations as a result of their exclusive involvement in commercial casino operations. This environment was a stark contrast to the present-day gambling industry. In 2019, there was a total of 465 commercial casinos in 25 states (American Gaming Association, 2020).

The proliferation of casino gambling in the U.S. has been examined in prior research. Endogeneity in state decisions to legalize casino gambling has been hypothesized to have been influenced by motives such as job creation, tax competition, and public preferences for gaming entertainment (Boehmke et al., 2012; Calcagno et al., 2010; Furlong, 1998). While earlier studies have analyzed public policy decisions to legalize casino gambling in some states as others have continued to prohibit it, less is known about expansions in authorized casino gambling within states where casinos are already legal.

Two existing bodies of literature suggest that public preferences for expanded casino gambling may differ from preferences held prior to the initial legalization. Based on studies that found a positive link between casino revenue and economic activity (Cotti, 2008; Horváth & Paap, 2012; Walker & Jackson, 2013), a stronger perception of economic benefits may alleviate opposition to further gambling expansions compared to the time it was first legalized. At the

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same time, aggregate economic benefits, such as employment and income growth, are unlikely to be shared equally within and across municipalities. It is also possible that negative outcomes associated with gambling, such as bankruptcies (Barron et al., 2002; Goss et al., 2009), crime (Falls & Thompson, 2014; Grinols & Mustard, 2006; Hyclak, 2011), and fraud (Kelly & Hartley, 2010), could dampen support from elected officials if experienced during the years following the opening of a nearby casino.

This paper analyzed a recent decision to expand casino gambling in Pennsylvania. One unique feature of this expansion in gambling activities was the combination of decision-making by state and local policymakers. In October 2017, the Pennsylvania state legislature authorized the auction of up to 10 licenses to open a smaller-sized casino with a limited number of slot machines and table games compared to regular, full-sized casinos. However, before any of these 'mini casinos' could open for business, the state legislature gave municipal governments a two-month time window to ban them locally by submitting a formal resolution to the Pennsylvania Gaming Control Board.[1]

The ability of municipalities to opt out of a gambling expansion provided an opportunity to examine factors influencing local tolerance of commercial casino operations several years after their initial legalization. Local government approval of an expansion in casino gambling within a state has not been examined in prior studies. This is an important omission considering that the majority of tax revenue collected from gaming operations in Pennsylvania is collected by the state government, while the economic benefits and costs are concentrated heavily in a small number of local areas. Since it is unlikely for state and local government representatives to be driven by the same motives, an analysis of how a local opt-out design can influence potential casino locations provides a contribution to the extant literature.

Another contribution of this paper is its focus on the possible opening of small casinos away from large population centers or resort areas. Rather than being solely an option for large population centers or tourist destinations, mini casinos were viewed by some city councils as a potential replacement for empty anchor stores in shopping malls or other local retail spaces. In other words, mini casinos have the potential to bring casino gambling to areas that would be considered financially infeasible to support a full-sized, regular casino. Given this potential for a wider pool of suitable host cities and towns compared to full-sized casinos, mini casinos are likely to cater to more convenience gamblers who gamble in close proximity to their location of residence. Eadington (1999) suggested that growth in this type of convenience gambling would have lower economic benefits and face a greater risk of political backlash.

The main results of this paper find that municipalities with larger socioeconomic disadvantages were more likely to allow casino gambling, which suggests that economic characteristics may have been a motive that influenced local government decision-making. Tax competition appears to be another concern as municipalities near the state border and within metropolitan areas also were more likely to allow casino gambling. Some evidence also suggests that local approval of gambling was higher in areas that tended to have a high consumer demand for gambling entertainment, such as those with larger Black populations.

Background on Casino Gambling in Pennsylvania

When the Pennsylvania state legislature voted to expand gambling in 2017, casino gambling had already been legal in the state for over a decade. When the state legalized casino gambling in 2004, advocates for the legalization argued that it would retain revenue lost to the neighboring state of New Jersey since many Pennsylvanians would travel across state lines to casinos in Atlantic City, where casino gambling was legal since 1978. After the first casino opened in Pennsylvania during 2006, a total of 12 commercial casinos eventually would open with locations spread throughout the state. While slot machine gambling became immediately available in Pennsylvania's casinos, table games were not allowed until 2010. A map showing the location of Pennsylvania's 12 casinos is shown in Figure 1. Most casinos are in close proximity to the state's eastern and western borders.

Since 2006, newly opened casinos in Pennsylvania have collected substantial amounts of revenue and had a significant impact on casinos in surrounding states in the Mid-Atlantic region. Prior studies estimated that the introduction of casinos in Pennsylvania have been financially detrimental to casinos in Atlantic City, NJ (Condliffe, 2012; Economopoulos & Luxem, 2015; Repetti & Jung, 2014). During 2019, Pennsylvania's casinos had $3.38 billion in gross gaming revenue and $1.51 billion in tax revenue (American Gaming Association, 2020). In comparison, during that same year, Nevada had $12 billion in gross casino gaming revenue and $969 million in tax revenue. Although casinos in Nevada have collected the highest gross revenue from gaming operations, Pennsylvania's casinos have generated the most tax revenue on an annual basis. Compared to other states, Pennsylvania has taxed casino gaming revenue at a relatively high rate (Camp et al., 2018). Slot machine revenue has been taxed at a rate of 55% while a lower tax rate of 16% has applied to revenue from table games.

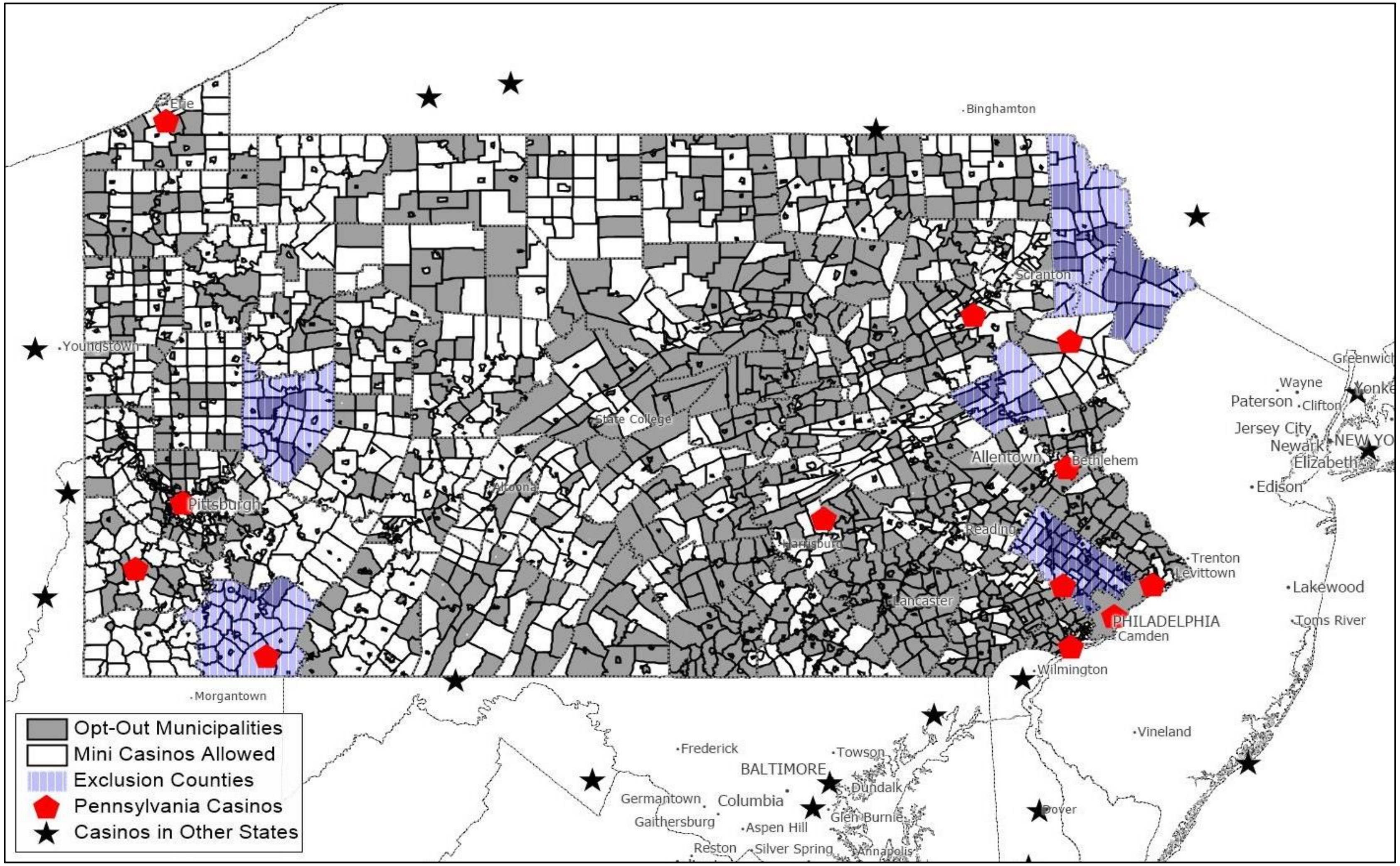
On October 30, 2017, Pennsylvania Governor Tom Wolf signed House Bill 271, which approved an expansion in legal gambling activities within the state. Besides the authorization of mini casinos, the gambling expansion bill also legalized sports betting, Internet-based gambling, and video gambling terminals at truck stops.[2] The Pennsylvania House of Representatives passed House Bill 271 by a vote of 109 to 72. Months before the bill received final approval, while the legislation was being developed, a Pennsylvania newspaper described the primary motive for lawmakers to expand gambling as being driven by a need to balance the state's budget. According to a reporter (Thompson), the gambling expansion's role as part of a balanced-budget strategy was described as follows:

> *Elements of a hard-fought compromise package on expanded gambling in Pennsylvania are starting to take shape as lawmakers struggle to complete a plan to pay for a $32 billion state budget. Legislative leaders, along with Gov. Tom Wolf, are said to be seeking about $700 million in recurring revenues to close out the budget, and all sides have committed to doing that without an increase in the state income tax (Thompson, 2017, para. 1-2).*

For this study, the research question solely focused on the provision of Pennsylvania's gambling expansion law that authorized the creation of up to ten satellite, or 'mini,' casinos. Compared to the regular, full-sized casinos that already existed in Pennsylvania, mini casinos were limited to smaller quantities of slot machines and table games. More specifically, mini casinos were allowed to have up to 750 slot machines and no more than 50 table games. In order to open a mini casino, a casino operator would have to purchase a license from the Pennsylvania Gaming Control Board in an auction. License holders were not allowed to open a mini casino within 25 miles of the 12 casinos that already existed in Pennsylvania. However, an exception was given to the owners of Pennsylvania's 12 casinos. A mini casino was allowed to locate within 25 miles of an existing casino only if the same casino operator owned both establishments.[3]

Unlike when Pennsylvania first legalized casino gambling in 2004, one provision of the 2017 gambling expansion bill granted decision-making authority to local municipalities. If a municipal government did not want a mini casino to open within its borders, it had the ability to ban it. After the expansion bill became law on October 30, 2017, municipalities had until December 31st to opt out by sending a resolution to the Pennsylvania Gaming Control Board that indicated their decision to prohibit mini casinos. By January 2018, there were a total of

Figure 1. Map of Casinos in Pennsylvania



Note: Each red mark indicates the location of a regular, full-sized casino in Pennsylvania. Locations were obtained from the PA Gaming Control Board, New York Gaming Commission, New Jersey Casino Control Commission, Delaware Lottery, Maryland Lottery and Gaming Control Commission, West Virginia Lottery, and Ohio Casino Control Commission. State law prohibited mini casinos from opening in the 'exclusion counties.'

1,017 municipalities that opted out, which represented 39.7% of all municipalities in Pennsylvania.

Another provision of the gambling expansion bill allowed municipalities a one-time ability to rescind an opt-out decision after the December 31st deadline. In other words, if a city council voted to opt out and ban mini casinos prior to the deadline, it had the opportunity to reverse its decision and let a mini casino open within its city limits. However, no city council was allowed to stop a mini casino from opening within its city if it failed to opt out by December 31st.

Previous Literature on Gambling Expansions

As commercial casinos have spread throughout the US since the late 1980s, the decision to legalize them and the timing of legalization have differed significantly across states. Furlong (1998) and Calcagno et al. (2010) both analyzed determinants of casino legalization. Furlong (1998) provided four hypotheses as potential motives for the state adoption of casino gambling, which included (1) additional revenues to help balance state budgets, (2) a politically feasible substitute for higher taxes, (3) competition for gaming tax revenue with neighboring states, and (4) economic development in the form of employment and income growth. In a cross-sectional analysis on state legalization decisions by 1996, at a time when only nine states legalized casino gambling, Furlong (1998) found evidence to support the political feasibility and economic development motives. Calcagno et al. (2010) re-examined state legalization decisions using panel data from 1985 to 2000. Contrary to Furlong's (1998) study, their results supported the fiscal stress and tax competition motives, but not the economic development motive (Calcagno et al., 2010).

While these studies identified potential motives that could have influenced local decisions in Pennsylvania on whether to ban mini casinos, the circumstances surrounding the opt-out provision have important differences with earlier legalization decisions by states. Von Herrmann's (1999) analysis of gambling legalization across U.S. states found that early adopters of casino gambling were more likely to have already legalized other forms of gambling, such as a lottery or pari-mutuel betting. However, at the time of Pennsylvania's opt-out decision window for mini casinos in December 2017, the state already had legalized casino gambling for 11 years. In addition, the state government of Pennsylvania collected more tax revenue from casino gambling on an annual basis than any other state in the U.S.

Having some familiarity with the consequences of casino gambling, whether positive or negative, differentiates the decision to expand casino activities at the intensive margin with an earlier decision to legalize casinos for the first time at the extensive margin. For example, with respect to the economic development motive, the impact of the initial legalization of casinos on local job growth and tax revenue could provide an upper bound on the perceived benefits of mini casinos. The political feasibility of an expansion in casino gambling also may evolve with changes in social norms since its initial adoption. Wetzel and Luciano (2017) observed this type of transformation leading up to the legalization of a state-run lottery in Massachusetts, where public perceptions gradually became more accepting of its legitimacy as a source of tax revenue and entertainment.

Another key distinction between Pennsylvania's opt-out provision on mini casinos and the casino adoptions analyzed by Furlong (1998), Von Herrmann (1999), and Calcagno et al. (2010) would be the decision-making authority of local government representatives. In Pennsylvania, a large portion of gaming taxes are allocated to the state government while a small portion are allocated to local governments, which could soften the fiscal stress motive.[4] Likewise, gaming revenue generated locally could be weaker in communities lacking non-gaming amenities that attract non-resident gamblers, such as hotel rooms, food and beverage services, and entertainment (Bryant & Walker, 2011; Kim & Kang, 2018). If perceived by local government representatives, it would weaken the economic development motive. This possibility was reflected in Toossi and Zhang's (2019) analysis of municipalities in Illinois, which were given authority by state law to allow or prohibit video gaming terminals within their jurisdictions. The findings of their study indicated that economic conditions, such as the level of median household income, had no significant effect on the decision to allow video gaming terminals at local bars and truck stops.

A closer view from the local perspective has been provided by studies on state ballot initiatives on gambling legalization. Boehmke et al. (2012) used Census tract-level data to analyze support for ballot initiatives in California to expand casino gambling across Indian tribal lands. This referendum provided an opportunity to examine support for a gambling expansion among three groups: (1) voters who lived near Indian land with gaming operations, (2) voters who lived near Indian land without gaming operations, and (3) voters who did not live near Indian land. Their main findings suggested that California voters were more likely to support the gambling expansion if they lived in close proximity to Indian reservations with casino operations on tribal land. If proximity to casinos generates public interest in gambling as a form of entertainment, the decision to opt out of mini-casino eligibility in Pennsylvania should be more likely among city councils in geographic areas further away from existing casinos.

Other studies on ballot initiatives on gambling have analyzed the decision to establish a state lottery. County-level analyses of voting results on the approval of a lottery and subsequent lottery ticket sales after legalization have provided comparisons of voting and buying decisions. Studies on lottery referenda in Kansas (Hersch & McDougall, 1989), South Carolina (Ghent & Grant, 2007), and Tennessee (Giacopassi et al., 2006) each found some asymmetries between voter and consumer behaviors, meaning the characteristics of legalization supporters have not aligned perfectly with those of lottery players.

One plausible explanation for disparities in the determinants of legalization support and consumer demand for gambling entertainment could be that the median voter is different from the average consumer. Besides simply having different set of preferences, voters could strategically support the legalization of gambling as a way to shift the tax burden onto both non-resident and resident gamblers. Similarly, the opt-out decisions of local government representatives in Pennsylvania may not align with the gambling preferences of its local citizens. In addition to a strategic shifting of the tax burden, local governments could differ from consumer preferences if their decisions are based on concerns over negative outcomes associated with casino gambling, such as gambling addiction, financial hardship, or crime. A potential disconnect between elected representatives and their communities may be reflected in how opposition to gambling is sometimes framed in policy discussions. In an analysis of speeches in state legislatures, Ferraiolo (2013) found that legislators opposing state-run lotteries often criticized the soundness of judgement in the government rather than question the morality of private behavior among citizens.

Methods

Data

Multiple sources of data were used to assess determinants of local eligibility for mini casinos in Pennsylvania. Due to limitations in data availability, some variables were measured at the municipal level (i) while others were measured at the county level (j). The dependent variable, Yes_{ij}, is a binary variable equal to 1 if a municipality remained eligible as a site for a mini casino after the December 2017 deadline. In other words, the variable, Yes_{ij}, equals 1 if a municipality did not opt out of the gambling expansion. A list of opt-out municipalities was obtained from the Pennsylvania Gaming Control Board. Out of 2,560 municipalities in Pennsylvania, a total of 1,543 municipalities (or 60.3%) remained eligible as a potential location for a mini casino while 1,017 municipalities (or 39.7%) elected to opt out. The decision to opt out was modeled by controlling for variables that accounted for possible motives among municipal governments and other community characteristics.

Demographic variables measured at the municipal level were obtained from the 2010 decennial U.S. Census, which included variables for the proportions of municipal populations that were under age 18, ages 65 or older, African American, and Hispanic. The number of general-purpose subcounty governments within the same county j as municipality i was obtained from the 2012 Census of Governments. Municipalities were expected to be more likely to allow mini casinos if they competed with more nearby municipalities for jobs and tax revenue. Dummy variables indicating if a municipality was in a metropolitan area or a county that bordered another state were included to further control for the possible motive of exporting a local tax burden onto commuters, visitors, or surrounding states. The potential of mini casinos to attract residents from nearby areas was expected to make municipalities in metropolitan areas and border counties more likely to remain eligible as a potential site. This type of diffusion in strategic policy adoption also has been observed in prior literature on state lottery legalization, where the presence of a lottery in a nearby state has been found to encourage adoption (Berry & Berry, 1990; Nelson & Mason, 2003; Pierce & Miller, 1999).

Economic characteristics were measured with county-level variables for a county's unemployment rate, median level of household income, poverty rate, and percentage of residents aged 25 or older with a bachelor's degree or higher. Each of these variables were obtained from the 2012-2016 American Community Survey (ACS) 5-year estimates. The likelihood of allowing mini casinos was expected to be higher among municipalities in areas with socioeconomic disadvantages, such as higher unemployment, lower income levels, and less education among prime working-aged adults. If mini casinos were perceived as a potential generator of income and employment, the economic development motive for accepting local casino activity would have been stronger in these areas. Alternatively, an association between opting out and income levels may reflect local government responsiveness to citizen preferences for casino gambling as a form of entertainment, which could be stronger in low-income areas.

Lastly, a collection of variables identified other potential differences across municipalities with respect to public preferences or tastes for mini casinos as a form of entertainment. The aggregate value of lottery prizes won by county residents was obtained from the Pennsylvania Department of Revenue and used as a proxy variable for gambling preferences. While per capita lottery winnings were expected to be indicative of a desire for mini casinos by the overall public, it was not clear whether lottery participation was also indicative of the opt-out decision by representatives on a municipal government. If local government representatives share a desire to gamble or simply wish to expand gaming entertainment options in an area that enjoys gambling, per capita lottery winnings would be expected to have a positive association with the likelihood of allowing mini casinos. However, an alternative possibility could be that concerns about problem gambling and its negative externalities were higher in areas with more per capita lottery winnings. Under this hypothesis, concerns among representatives on municipal governments would lead to a lower probability of local support for the gambling expansion.

Dummy variables for the presence of a four-year college or university and the presence of one of Pennsylvania's regular, full-sized casinos within the same county as the municipality also were included as gambling preference variables.[5] Similar to the effect of per capita lottery winnings, the expected effects of these dummy variables also were unknown a priori. While areas with colleges and casinos may have higher demand for gambling activities, they also may have heightened concerns over the negative outcomes associated with gambling. Previous research found higher crime rates on college campuses in close proximity to casinos (Hyclak, 2011). In addition, municipal representatives could be less supportive of mini casinos if the economic impacts of colleges and full-sized casinos reduce the perceived marginal benefits of additional jobs and tax revenue from expanded gambling opportunities.

Other gambling preference variables included the proportion of county residents who were evangelical Protestants, Catholic, mainline Protestants, and voted for the Democratic candidate in the Pennsylvania gubernatorial election of 2014. Previous research has found stronger opposition to gambling among evangelical Protestants and less opposition among Catholics (Brown et al., 2003). Since Pennsylvania's largest gambling expansions in recent history were both proposed by Democratic governors, Ed Rendell in 2004 and Tom Wolf in 2017, the willingness to allow mini casinos was expected to be higher in Democratic-leaning areas. The proportion of county voters who voted for Governor Tom Wolf in 2014 was used as a measure of a municipality's political affiliation.[6]

Empirical Strategy

Since the independent variables included both municipal- and county-level data, the opt-out decisions of municipalities were estimated with a multilevel linear probability model with random intercepts. This model specification accounts for the possibility that municipal governments nested within the same county may share similar county-level random effects. If this assumption is accurate, error terms associated with municipalities within the same county are unlikely to be independent of each other in a pooled regression model. Estimations that ignore the hierarchical structure of the data would likely lead to incorrect coefficients and standard errors. A two-level random-intercept model addresses this concern by estimating parameters based on the entire sample of municipalities while controlling for unobserved heterogeneity in opt-out decisions across counties.[7] While nonlinear models may provide a better approximation of average marginal effects in some cases, coefficient estimates using linear probability models are often similar (Angrist & Pischke, 2009). For this reason, multilevel linear probability models are used in the analysis of opt-out decisions.[8] The functional form of this opt-out decision model is shown in Equation 1.

$$\{\Pr(Yes_{ij} = 1)\,|X_{ij}, Z_j, u_j\} = \alpha_0 + \beta X_{ij} + \gamma Z_j + u_j. \qquad \text{(Equation 1)}$$

The main outcome of interest, Yes_{ij}, is a dummy variable indicating that municipality i from county j did not opt out of the gambling expansion and decided to remain eligible as a potential location for a mini casino. For ease of interpretation, the dependent variable was coded in this manner so that positive coefficients in vectors β and γ reflect positive correlations between covariates and a municipality's willingness to allow casino gambling within its borders. The vector X_{ij} includes independent variables measured at the municipal level while the vector Z_j includes county-level variables. A constant intercept is denoted by α_0 while random deviations from it for each county are included in vector u_j. Random intercept values in vector u_j are normally distributed with a mean of zero and a constant variance. It is assumed that the intercept values in u_j are independent across counties.

Data on all 2,560 of Pennsylvania's municipalities from 67 counties were compiled from the various sources described above. Since 12 municipalities already had a regular, full-sized casino within their borders during the opt-out time window, these municipalities were excluded from the analysis.[9] Two of the cities excluded from the analysis were Pittsburgh and the consolidated city-county of Philadelphia, which are Pennsylvania's two most populous cities. After this exclusion, multilevel linear probability model estimates were based on a dataset of 2,548 municipalities from 66 counties.

Descriptive statistics of the full dataset are shown in Table 1. Out of 2,548 municipalities, a total of 1,534 (or 60.2%) elected to remain eligible as a potential location for a mini casino. Most municipalities were predominately White, but there was a large amount of variation in

Table 1. Descriptive Statistics for Pennsylvania Municipalities

	Mean	Standard Dev.	Minimum	Maximum
Municipal-Level Variables				
Yes (0,1)	0.602	(0.489)	0	1
% Under 18	21.60	(4.38)	0	73.20
% 65 and older	17.00	(4.89)	1.40	72.70
% Black	2.54	(6.97)	0	88.60
% Hispanic	2.13	(3.94)	0	59.00
Public college in municipality (0,1)	0.009	(0.095)	0	1
County-Level Variables				
Total municipalities in county	49.99	(24.63)	7.00	128.00
Border county (0,1)	0.438	(0.496)	0	1
Metropolitan area (0,1)	0.515	(0.500)	0	1
Casino in county (0,1)	0.236	(0.425)	0	1
Unemployment rate	6.60	(1.085)	4.40	10.30
Median household income (in $1,000s)	53.27	(10.80)	36.59	89.00
Poverty rate	12.66	(2.97)	5.90	19.10
% Bachelor's degree or higher	24.12	(9.38)	8.30	50.20
% Evangelical Protestant	9.35	(4.27)	2.35	23.67
% Mainline Protestant	16.75	(4.68)	6.16	27.62
% Catholic	22.84	(13.33)	1.07	70.36
Lottery prizes per capita	216.62	(56.38)	111.30	382.65
% Vote for Democratic Governor	46.99	(8.84)	29.54	69.74
Sample size	2,548			

Note: The analysis excluded 12 municipalities that already hosted a regular, full-sized casino within their borders.

the size of the Black and Hispanic populations across the state. Across counties, the average unemployment rate over the 2012-2016 period was 6.6%. The average value of county-level median household income across municipalities was $53,270. Proxy variables for the demand for gambling entertainment indicated that counties received an average of $216.62 per capita in lottery prizes, and 23.5% of municipalities were in counties that already had casinos.

Results

Multilevel linear probability model estimates for the decision of municipalities in Pennsylvania to allow mini casinos are shown in Table 2. Models 1 and 2 show results based on the full sample of 2,548 municipalities. A null model without any independent variables, Model 1, was estimated to assess the variation in municipal decisions across counties and the need for multilevel analysis. With only random intercepts and no control variables, Model 1 had an intraclass correlation coefficient of 16.9%. A likelihood ratio test comparing the random-intercept model to a pooled logit model indicated that the between-counties variance was statistically different from zero, which suggested that a multilevel analysis was preferable.

Municipal- and county-level covariates were added to Model 2. Coefficient estimates are shown in Table 2. The likelihood of allowing casino gambling was higher in municipalities with larger Black populations and those located within a border county. Opting out was more likely among municipal councils in counties with higher levels of median household income. These results suggest a combination of motives influenced the decision to become eligible for a mini casino. Stronger support among councilors in border counties aligns with the hypothesis that

Table 2. Multilevel Linear Probability Model Estimates for the Decision to Allow Mini Casinos

	Model 1 Full sample (No covariates)		*Model 2* Full sample (Linear income)		*Model 3* Full sample (Quadratic income)		*Model 4* Full sample (Income quintiles)	
	Coefficient	(S.E.)	Coefficient	(S.E.)	Coefficient	(S.E.)	Coefficient	(S.E.)
Municipal-Level Variables								
% Under 18			−0.001	(0.003)	−0.001	(0.003)	−0.002	(0.003)
% 65 and older			−0.000	(0.002)	−0.001	(0.002)	−0.000	(0.002)
% Black			0.008***	(0.001)	0.008***	(0.001)	0.008***	(0.001)
% Hispanic			0.004*	(0.003)	0.004*	(0.003)	0.004*	(0.003)
Public college in municipality (0,1)			−0.002	(0.098)	−0.002	(0.098)	−0.005	(0.098)
County-Level Variables								
Total municipalities in county			−0.001	(0.001)	−0.001	(0.001)	−0.001	(0.001)
Border county (0,1)			0.116**	(0.047)	0.115**	(0.046)	0.101**	(0.048)
Metropolitan area (0,1)			0.092*	(0.055)	0.112**	(0.055)	0.115**	(0.055)
Casino in county (0,1)			0.014	(0.067)	0.019	(0.065)	0.052	(0.068)
Unemployment rate			0.035	(0.022)	0.042*	(0.022)	0.027	(0.021)
Median household income (in $1,000s)			−0.018***	(0.007)	−0.051***	(0.019)	-	-
Median household income (in $1,000s) squared					0.000*	(0.000)	-	-
Median household income – 2nd quintile					-	-	−0.012	(0.067)
Median household income – 3rd quintile					-	-	−0.081	(0.071)
Median household income – 4th quintile					-	-	−0.244**	(0.096)
Median household income – 5th quintile					-	-	−0.336**	(0.133)
Poverty rate			−0.005	(0.015)	−0.013	(0.015)	−0.006	(0.012)
% Bachelor's degree or higher			0.006	(0.007)	0.008	(0.007)	0.001	(0.005)
% Evangelical Protestant			−0.004	(0.006)	−0.005	(0.006)	−0.005	(0.006)
% Mainline Protestant			0.005	(0.006)	0.004	(0.006)	0.002	(0.006)
% Catholic			0.001	(0.003)	−0.000	(0.003)	−0.001	(0.003)
Lottery prizes per capita			0.001	(0.001)	0.001	(0.001)	0.001	(0.001)
% Vote for Democratic Governor			0.002	(0.004)	0.002	(0.003)	0.001	(0.004)
Model Fit Statistics								
Intraclass correlation coefficient	0.169		0.084		0.079		0.081	
Log likelihood	−1,621.18		−1,575.11		−1,573.59		−1,574.35	
Likelihood ratio test (Chi-squared)	347.01***		133.52***		119.65***		133.63***	
Sample size	2,548		2,548		2,548		2,548	
Number of counties	66		66		66		66	

Notes: Coefficient estimates for multilevel linear probability models are reported with standard errors in parentheses. Statistical significance is denoted by *, **, and *** for significance at the 10%, 5%, and 1% levels, respectively. The dependent variable is a binary variable equal to one if a municipality did not opt out of the gambling expansion and allowed mini casinos.

tax competition motivated eligibility decisions. At a weaker level of significance, the marginal effect of metropolitan areas also supported the tax competition hypothesis. This would be expected if councilors in larger population centers viewed mini casinos as a strategy to retain the gambling expenditures of their own residents. Meanwhile, weaker support from councilors in higher income areas would be consistent with motives related to economic development.

The positive link with the Black population share, by itself, does not identify a clear motive. If job opportunities are less plentiful in Black communities, this finding could be due to the economic development hypothesis. However, if this link was driven by a higher demand for casino entertainment among Black residents, it would be consistent with the consumer demand motive. At the 10% level of significance, a positive association also exists between mini casino legalization and the Hispanic population share. Other variables related to public support for gambling, such as per capita lottery prizes and Democratic voters, were insignificant predictors of opt-out decisions.

Further examination of the relationship between local-area income and decisions to allow mini casinos were provided in Models 3 and 4, which considered the possibility of a nonlinear relationship. Model 3 included the squared value of county-level median household income to test whether a quadratic relationship existed. Similar to the linear model, a negative relationship was estimated using the quadratic model. While the slope coefficient on the squared income variable was positive, the estimated marginal effect of income was negative for all values of median household income in the sample, including the maximum value of $89,000. In Model 4, local-area income variables were measured using dummy variables to indicate a municipality's quintile ranking for county-level median household income based on the sample of 2,560 municipalities in Pennsylvania. According to this specification, municipalities from the top two quintiles were less likely to allow mini casinos. Compared to the first, second, and third quintiles (county-level median < $54,142), municipalities from the fourth ($54,142 < county-level median < $59,237) and fifth (county-level median > $59,237) income quintiles were less likely to allow mini casinos by magnitudes of 24.4 and 33.6 percentage points, respectively.

To assess the generalizability of the estimates reported above, alternative models were derived to compare the partial effects of variables across different categories of municipalities, which were based on proximity to the nearest casino and median household income. Model 5 includes the same variables as Model 2, but added interaction terms that multiplied each covariate by a dummy variable indicating a municipality was within 25 miles of a casino.[10] Similarly, Model 6 also re-estimated Model 2, but included interaction terms for each variable and a dummy variable indicating geographic presence in a county with median household income above the state's median level.[11] Table 3 shows results from Models 5 and 6. For ease of interpretation, coefficients on interaction terms were omitted from the table. Instead, for each model, the first column of partial effects are reported for municipalities in the base category. The second column reports partial effects for the alternative category of municipalities, which were obtained by calculating a linear combination of the coefficients in the first column with coefficients from the corresponding interaction terms. Tests for differences in coefficient values across two mutually exclusive categories were obtained by testing whether an interaction term's coefficient was statistically different from zero.

Across most categories in Table 3, municipalities with larger Black population shares and those located within border counties and metropolitan areas were more likely to remain eligible for mini casinos. Municipalities in high income areas tended to opt out and oppose the opening of a mini casino. These estimates provide support for the possibility that tax competition, economic development, and consumer preferences influence local government decisions on gambling legalization. The results in Table 3 also indicate that there is heterogeneity in how some factors influence gambling legalization decisions across municipalities. Tax competition variables were given heavier weight by local governments

Table 3. Multilevel Linear Probability Model Estimates With Interaction Effects

	Model 5: Casino Proximity Comparisons					*Model 6: Household Income Comparisons*				
	No casino within 25 miles		*Casino within 25 miles*		*Diff. Test*	*Below median income*		*Above median income*		*Diff. Test*
	Coefficient	(S.E.)	Coefficient	(S.E.)	Sig. level	Coefficient	(S.E.)	Coefficient	(S.E.)	Sig. level
Municipal-Level Variables										
% Under 18	−0.002	(0.004)	−0.003	(0.004)		−0.003	(0.003)	−0.001	(0.004)	
% 65 and older	−0.001	(0.003)	−0.001	(0.003)		−0.001	(0.003)	−0.000	(0.004)	
% Black	0.006	(0.004)	0.009***	(0.002)		0.006***	(0.002)	0.010***	(0.002)	
% Hispanic	0.000	(0.005)	0.007**	(0.003)		0.007	(0.006)	0.005	(0.003)	
Public college in municipality (0,1)	−0.091	(0.137)	0.104	(0.139)		−0.112	(0.133)	0.120	(0.146)	
County-Level Variables										
Total municipalities in county	−0.002	(0.002)	−0.000	(0.001)		0.001	(0.001)	0.005**	(0.002)	
Border county (0,1)	0.105*	(0.057)	0.137**	(0.063)		0.137***	(0.040)	−0.005	(0.104)	
Metropolitan area (0,1)	0.216***	(0.078)	0.044	(0.070)	**	0.168***	(0.054)	0.007	(0.083)	
Casino in county (0,1)	-	-	-	-		−0.195**	(0.085)	0.281**	(0.126)	***
Unemployment rate	0.030	(0.028)	0.027	(0.031)		0.023	(0.022)	0.119**	(0.056)	
Median household income (in $1,000s)	−0.018**	(0.009)	−0.016**	(0.008)		−0.005	(0.009)	−0.027**	(0.012)	
Poverty rate	0.001	(0.019)	0.001	(0.021)		0.010	(0.015)	−0.024	(0.035)	
% Bachelor's degree or higher	0.002	(0.008)	0.007	(0.010)		−0.008	(0.007)	0.032***	(0.013)	***
% Evangelical Protestant	−0.007	(0.006)	−0.007	(0.009)		0.008	(0.006)	−0.028**	(0.011)	***
% Mainline Protestant	−0.000	(0.007)	0.009	(0.008)		−0.001	(0.005)	0.007	(0.023)	
% Catholic	0.001	(0.003)	0.001	(0.005)		0.003	(0.003)	−0.006	(0.005)	*
Lottery prizes per capita	0.001*	(0.001)	0.001	(0.001)		0.000	(0.000)	0.001	(0.001)	
% Vote for Democratic Governor	0.002	(0.004)	0.003	(0.005)		0.004	(0.003)	−0.020	(0.014)	*
Model Fit Statistics										
Intraclass correlation coefficient	0.082					0.033				
Log likelihood	−1,568.07					−1,553.07				
Likelihood ratio test (Chi-squared)	98.08***					27.79***				
Sample size	2,548					2,548				
Number of counties	66					66				

Notes: Coefficient estimates for multilevel linear probability models are reported with standard errors in parentheses. Statistical significance is denoted by *, **, and *** for significance at the 10%, 5%, and 1% levels, respectively. The dependent variable is a binary variable equal to one if a municipality did not opt out of the gambling expansion and allowed mini casinos.

in different areas. The positive effect of metropolitan area status was stronger among municipal governments located further away from a casino. In addition, areas with larger percentages of college graduates were more likely to support gambling, but only for municipalities located in high-income counties.

The effects of consumer demand variables also showed heterogeneity across the subsamples in Table 3. As expected, areas with more evangelical Protestants were more likely to oppose gambling, but this finding was limited to the subsample of higher income municipalities. Lottery participation did not appear to have a strong effect on opt-out decisions. There was weak evidence of a higher likelihood of allowing casinos among councilors representing areas that had higher lottery participation and were not located near a casino. Political support for the Democratic Party also did not have much impact across categories. At most, there was weak evidence of a lower likelihood of allowing casinos in high income areas with greater Democratic support.

Evidence to support the influence of economic factors on opt-out decisions was slightly stronger among municipalities in higher income areas. For these municipalities, the likelihood of allowing mini casinos increased with the unemployment rate and fell with median household income. This result was not observed for the category of municipalities from lower income areas. A plausible explanation could be that jurisdictions slightly above the state's median income level perceive a greater economic impact from legalized gambling as well as greater prospects for attracting a mini casino compared to lower income areas. At the same time, jurisdictions further above the state's median income level may be more concerned about the negative consequences associated with casinos, such as problem gambling or crime. However, evidence of interaction effects is somewhat weak among the economic variables. Despite having larger magnitudes on coefficient values in the high-income category, tests for differences in coefficient values compared to the low-income category found no statistical differences in the effects of the unemployment rate or median household income. Furthermore, in each set of estimates, the poverty rate of a county was a statistically insignificant predictor of the opt-out decision.

Conclusions and Discussion

This paper analyzed local government support for an expansion of casino gambling in Pennsylvania. Unlike the introduction of casinos when the state legalized them in 2004, the possible opening of a mini casino in a municipality was expected to involve weaker economic benefits and a greater reliance on local residents who are convenience gamblers. Despite this possibility, the main findings indicated that municipalities were more likely to allow mini casinos in local areas with lower income levels. If the decision to allow mini casinos was driven by an economic development motive, in which the goal was to generate income and employment growth, it would align with the finding by Furlong (1998) as opposed to Calcagno et al. (2010) and Toossi and Zhang (2019). While there may appear to be mixed evidence about the relationship between median income levels and gambling policies, existing studies vary based on the forms of gambling, levels of government, and time periods that were analyzed. The main contribution of this paper was the focus on municipal-level decisions to allow an expansion in casino gambling within a state where casinos already existed.

While the main findings suggest that a municipality's economic background may have motivated decisions to allow mini casinos, it was not the only motivating factor. Tax competition and consumer preferences for gambling also were found to encourage the legalization of mini casinos. Model estimates indicated that the municipalities in border counties and metropolitan areas were more likely to allow legalized gambling. Both factors provide support for a similar conclusion by Calcagno et al. (2010), who found that earlier decisions by U.S. states to legalize casinos were influenced by a desire to retain the gambling expenditures of their own residents. If residents of municipalities in border counties and metropolitan areas tend to be more inclined to travel to outside gambling establishments, a local mini casino could be perceived as a strategy to keep their expenditures in the local economy.

In a similar vein, a mini casino also could be part of a local government's strategy to diversify its tax base. Prior research on the legalization of lotteries estimated a higher likelihood of adoption among states facing restrictions on the allowable growth rate in property tax assessments (Glickman & Painter, 2004). Legalizing gambling to address local fiscal struggles aligns with some of the results of this paper, such as the negative link between median household income and council decisions to allow mini casinos. Local tax and expenditure limitations are expected to be less binding in higher-income areas with greater property values. Additionally, diversifying the local tax base could be a higher priority among municipalities in metropolitan areas and along the state border, which can experience more intense tax competition with neighboring jurisdictions. Considering that restrictions on local property taxes can vary substantially across the U.S. (Carroll & Johnson, 2010; Stallmann et al., 2017; Sun, 2014; Wang, 2018), the results of this study may not be generalizable to some local governments outside of Pennsylvania. In particular, it is possible that stricter limitations on local taxes and expenditures may cause city councils to become more accepting of mini casinos as a strategy to diversity a community's tax base.

Another finding of this paper was a higher willingness to participate in Pennsylvania's gambling expansion among municipalities with larger Black populations. Greater support for gambling among minority populations would agree with the findings of prior research on public interest in gambling (Garrett & Sobel, 2004; Ghent & Grant, 2007; Ghent & Grant, 2010; Giacopassi et al., 2006; Scott & Garen, 1994). However, the dataset used in this paper was unable to identify a reason for higher support among Black communities. Future studies should examine if communities with large Black populations support gambling due to higher perceptions of economic insecurity or higher consumer demand for casino gambling.

An additional limitation of this study was the potential for inertia in decision-making on the part of municipal governments. The opt-out design of the local option to allow casino gambling could have created an outcome in which some municipalities remained eligible for a mini casino despite a public consensus against it. Some municipalities concerned about gambling may not have passed an opt-out resolution due to doubt that a casino would decide to locate in their jurisdictions, even if allowed by law. This hypothesis may partially explain why median income had a negative association with opt-out decisions. As convenience gambling continues to become available in areas outside of traditional tourist destinations and population centers, the distinction between status-quo bias and a genuine approval of local casino gambling warrants further investigation.

Policymakers also should be aware of unique features that could distinguish Pennsylvania's gambling market from other states. An analysis limited only to Pennsylvania may not produce results that can be generalized to every state. With respect to casino gambling, consumer preferences for casino gambling may be higher in Pennsylvania. For example, the state has residents who lived in close proximity to Atlantic City, NJ for multiple decades while it was one of only two locations where casino gambling was legal in the U.S. Pennsylvania also has residents who might view casino gambling as a greater source of government revenue since the state collects more tax revenue from casinos than any other state. In addition, state variation in how gaming revenues are distributed between state and local governments also may limit the external validity. For example, cities that host full-sized casinos in Arkansas receive 19.5% of all casino tax revenue whereas host cities in Pennsylvania and Ohio only receive 4% and 5%, respectively (American Gaming Association, 2021). Future studies should examine the potential for disparities in how local governments in other states either embrace or resist attempts to generate state revenue from convenience gambling in local communities.

Other states that consider allowing local autonomy in gambling expansions should be cognizant of how Pennsylvania differed from an earlier case in which Illinois allowed local bans on video gaming terminals. Toossi and Zhang (2019) found that opposition to video gaming terminals was stronger in Illinois municipalities with more senior citizens, college graduates, and religious adherents while economic factors had little effect on opt-out decisions. Even though both state gambling expansions included opt-out decisions for local governments, the analysis of Pennsylvania's expansion suggested that economic factors were more predominant for casino gambling. A plausible explanation for this result could be that casinos, even mini casinos, are perceived to attract more visitors to a local economy than video gaming terminals at bars and truck stops. Compared to an abundance of Illinois establishments with video gaming terminals, Pennsylvania only had a small number of casinos with more unique games and larger prize opportunities.

The notion that consumer preferences are heterogeneous across different types of gaming (i.e., casinos, lotteries, horse racing, etc.) has been validated by prior studies (Walker & Jackson, 2008; Walker & Nesbit, 2014). Furthermore, given the potential for substitution between different types of games, future studies should assess how local opt-out authority can distort the optimal location decisions among gaming operators. The introduction of casino gambling in Pennsylvania since 2006 has been found to reduce revenue among competing casinos in Atlantic City, NJ, and other markets in the Mid-Atlantic region (Condliffe, 2012; Economopoulos & Luxem, 2015; Repetti & Jung, 2014). With 40% of Pennsylvania's municipalities banning mini casinos, understanding the implications of such geographic restrictions on further cannibalization of the gambling market would help guide policymakers.

Notes

1. Mini casinos in Pennsylvania also have been referred to as satellite casinos or category 4 casinos. State law limits them to having no more than 750 slot machines and 50 table games. In comparison, full-sized casinos can have up to 3,000 slot machines and 250 table games.
2. In counties that already hosted a casino, county governments were allowed to ban video gaming terminals at truck stops. Out of 12 counties with casinos, 10 prohibited video gaming terminals. Counties without casinos were not given an opt-out choice.
3. The 2017 gaming expansion bill stated that mini casinos also could not open in a county that already had a resort casino, meaning a resort was attached to the casino. This affected Fayette and Montgomery counties. Mini casinos also were prohibited from opening in any sixth-class county that was adjacent to a county that hosted a stand-alone casino, which did not have a racetrack or resort. As a result of this provision, mini casinos were not allowed to open in Armstrong, Carbon, Pike, or Wayne counties. Despite these provisions, some municipalities in each county still submitted opt-out resolutions to the PA Gaming Control Board.
4. In Pennsylvania, the state government collects a 34% tax on slot machine revenue compared to a 4% tax distributed to the host county and municipality. Additional taxes on slot machine revenue are distributed to state funds to benefit economic development and the horse racing industry. For table games, the state collects a 12% tax, while an additional 4% tax is equally shared by the host county and municipality.
5. Data on the location of colleges and universities were obtained from the 2017 release of the Integrated Postsecondary Education Data System (IPEDS). The locations of casinos were provided by the PA Gaming Control Board.
6. Outside of Pennsylvania, the expected likelihood of support for legalized gambling among Democratic voters may be less certain. While a gambling expansion could generate tax revenue to help fund government programs valued by the Democratic Party, progressive constituents may object on the perception that gambling is a regressive form of taxation.

7. Despite its advantages, estimates based on a multilevel linear probability model with random effects can be limited by the 'random effects assumption.' Multilevel random-intercept models assume that unobservable level-2 (county) characteristics are uncorrelated with observable level-1 (municipality) characteristics that are included in the model (Robson & Pevalin, 2016; Clarke et al., 2015). A violation of the random effects assumption can compromise the consistency of the coefficient estimates.
8. Opt-out decisions of Pennsylvania municipalities also were estimated using a multilevel random-intercept logit model. The results were similar to the multilevel linear probability model estimates that are reported.
9. A total of 4 out of the 12 municipalities that hosted regular, full-sized casinos elected to opt out and prohibit mini casinos. These municipalities included Bensalem Township (Parx Casino and Racing), Summit Township (Presque Isle Downs), Upper Merion Township (Valley Forge Casino Resort), and the consolidated city-county of Philadelphia (SugarHouse Casino).
10. ArcGIS 10.6 was used to determine if municipalities were located within 25 miles of a casino. Longitude and latitude coordinates were used to identify the location of casinos and the centroids of municipalities.
11. Based on the 2012-2016 ACS 5-year estimates, the median level of household income in Pennsylvania, $54,895, was used as the cutoff between high- and low-income counties.

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Research Article

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Retiring the Golden Hammer: Identifying Situational Practices for Public Strategy Implementation

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While scholars and practitioners increasingly embrace contingent approaches to public strategic management, they have done so tepidly. In an increasingly perilous and turbulent governing environment, both groups must move past time-honored tools and concepts and embrace the complexity inherent to the strategy implementation process. In response, this article proposes a contingent, micro-organizational process model of public strategy implementation based on Whittington's (2017) framework of strategy as a practice and a process. Through regression analysis of 205 strategic initiatives from 43 U.S. municipalities, the study concludes that the relationships between implementation practices and proximate outcomes do indeed vary over time and across context, offering a specific list of recommended practices tailored to the intersections of implementation phase and initiative type. Public strategy implementation scholars can best aid practitioners by rejecting strategic reductivism and embracing micro-organizational implementation activity surrounding a strategic initiative, in all of its temporal and contextual splendor.

Keywords: Strategic Management, Implementation, Contingency, Process, Local Government

Public strategic management has been defined as "the appropriate and reasonable integration of strategic planning and implementation across an organization (or other entity) in an ongoing way to enhance the fulfillment of its mission, meeting of mandates, continuous learning, and sustained creation" (Bryson et al., 2010, pp. 1-2). Along with other prominent conceptions (Mintzberg, 1990; Poister et al., 2010; Vaara & Whittington, 2012; Walker et al., 2010), this definition establishes three core areas of strategic management activity—*formulating* as a plan of action to meet collective goals and objectives, *implementing* as translation of the adopted plan into organizational change, and then *evaluating* as a determination of success while fueling organizational and strategic learning.

However, this basic portrait of strategic management belies the complexity of strategic management due to the multi-layered nature of public organizations. At the top, *macro-organizational* actors such as elected officials and top executives view strategy broadly and abstractly, collectively defining a handful of aspirational goals that set organizational direction

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to tackle large-scale issues. In the literature, Boyne and Walker (2004) refer to these more enduring decisions to how an organization interacts with its external environment as "strategic stances" (p. 232). At the lower *micro-organizational* level, service-delivery program managers and specialists view strategy as initiatives or projects to "perform specific steps that an organization takes to operationalize its stance" (Boyne & Walker, 2004, p. 232). Likewise, Whittington (2017) conceptualizes strategy as both a micro-organizational practice and a macro-organizational process. In tandem, the macro- and micro-levels of the organization work symbiotically to formulate, implement, and evaluate strategy.

Despite this complexity, scholars and practitioners of public strategic management have largely opted to focus upon broader, more abstract notions of strategy. A recent review of public administration scholarship found that 93% of strategic management articles advance a solely macro-organizational definition of strategy (Mitchell, 2020). These studies largely focus on strategy formulation and evaluation, often reducing the implementation process to a single variable (George & Desmidt, 2014). Even in the instances when scholarly research concludes that managers should avoid a one-size-fits-all approach to strategy implementation, practitioners have not heeded this guidance, instead opting for their time-honored general tools and traditions (Mitchell, 2018; Nutt, 1995). This monolithic perspective ignores a rich body of micro-organizational implementation practices and activities associated with strategic initiatives (Bryson et al., 2010; George & Desmidt, 2014; Walker, 2013)—limiting the effectiveness of both scholars attempting to explain determinants of strategic success and practitioners striving to produce it.

Famed psychologist Abraham Maslow (1966) once characterized similar reductivism in his field as a 'golden hammer'; stating, "I suppose it is tempting, if the only tool you have is a hammer, to treat everything as if it were a nail." Also known as the 'law of the instrument', Maslow purports that all too often preference for a particular theoretical perspective or analytical approach drives research design, instead of the phenomenon under observation. Like a screw hammered into wood, using this golden hammer in scientific study may produce interesting short-term results, but ultimately distracts from a more effective and appropriate solution for the research question at hand.

Are public strategic management scholars and practitioners wielding a golden hammer? Through their overreliance on macro-organizational conceptions of strategy, it appears so. Why does this matter? With increasing service demands and highly constrained resources, public organizations are under intense pressure to perform; now more than ever, they must be strategic about expending resources in order to prosper in a highly scrutinized environment where faith in government is waning (Bryson, 2018; Gallup, 2021; Page, 2013). Strategy not only requires an accurate identification of a strategic issue, but also the appropriate application of a strategic solution—which is often contingent upon the micro-organizational context surrounding a particular issue and its proposed solution (Mitchell, 2019; Nutt, 2001). Particularly, strategic implementation efforts suffer from a focus on macro-organizational strategy that does not account for the micro-organizational complexity attached to a particular initiative. In other words, strategy implementation does offer plenty of nails for the organization's golden hammer to drive, but they are accompanied by just as many nuts, screws, and bolts—just because a local government is highly entrepreneurial in pursuing economic development does not mean it should take commensurate risks with implementing a new payroll system or repaving an arterial road. In an increasingly perilous and turbulent governing environment, how long can public administration managers and scholars afford to wait before expanding the toolbox?

This article presents a different path; marked by process, practice, contingency, and situation. It does not reject macro-organizational conceptions of strategy such as 'strategic stance' or 'implementation style,' but instead broadens the spotlight to also include micro-organizational strategy implementation activity and variation through Whittington's (2017) framework that sees strategy as practice and process. Micro-organizational implementation *practices*, often ignored in broader strategic management studies, provide richness and detail left unexplored by macro-organizational perspectives (Bryson et al., 2009; George et al., 2018). Favoring *process* over cross-sectional variance, the framework embraces the inherent temporal variation found in the different phases of implementation—planning, acquiring, executing, embedding, integrating (George & Desmidt, 2014; May et al., 2009; Poister & Streib, 1999; Van de Ven, 1992). Instead of seeking universal best practices, such an approach endeavors to identify best practices for the moment—tailored managerial guidance that best suits the unique context surrounding an initiative (based on its priority and complexity) given a particular implementation phase (Mitchell, 2019).

While this broader, interdependent conception of strategy provides theoretical safe harbor for micro-organizational perspectives, it is only justified if meaningful variation exists at that level. This study endeavors to demonstrate that micro-organizational activities not only have a significant effect upon implementation outcomes, but that these relationships are moderated by the situational context of the strategic initiative and the various implementation phases—in short, does the effectiveness of an implementation practice significantly vary across situational context and/or implementation phase? To test the model and hypothesis, the study examines the implementation practices of 205 strategic initiatives from 43 U.S. municipalities utilizing regression analysis for each of the five implementation phases, including three-way interactions that identify contextually appropriate practices. The analysis provides substantial evidence of micro-organizational, contingent variation that justifies a multi-level, interdependent conception of strategy; warranting expansion of contemporary public strategy implementation models. The article concludes with a specific list of implementation practices that are most impactful for a particular type of strategic initiative in a particular implementation phase—aiding municipal managers who increasingly must adapt to implementation challenges by deftly applying tools and practices that match the circumstances.

A Contingent, Micro-Organizational Process Model of Public Strategy Implementation

Beneath the surface, dynamic organizations are alive with a flurry of micro-level practices and processes all designed to effectively implement strategic initiatives. In contrast to the macro-organizational perspective built around a few dominant variables such as Miles and Snow's (1978) strategic stance, there are a "seemingly endless variety of factors" at the micro-level of an organization that influence implementation processes over time, resulting in a "complex mix" that must "make sense for a particular organization at a particular point in time" (Vinzant & Vinzant, 1996, pp. 142, 149). Whittington (2017) observes that process and institutional theories have been traditionally prone to strategic reductivism but are now moving toward incorporating more micro-organizational activity into their macro- and inter-organizational frameworks, respectively. Likewise, strategy-as-practice theorists have long championed micro-organizational strategic activity, but increasingly desire to attach it to broader constellations of theory. Therefore, Whittington (2017) sees a convergence within organizational theory that now allows for strategy to be simultaneously conceived as practice, process, and institution, presenting an excellent starting point for building a model of public strategy implementation.

In this conception, micro-organizational practitioners (those who do strategy work), practices (the tools, norms, and procedures of strategy work), and praxis (the activities and events found in strategy work) are linked to macro-organizational implementation processes that include phases and sequencing. The Whittington (2017) framework transcends the anecdotal nature of practice by allowing for greater temporal explanation of strategic practices through process analysis, more so than cross-sectional snapshots of macro-organizational strategic stances and executive traits. The strategy-as-practice perspective also offers a better epistemological approach to incorporating the contingent effect of situational context due to its emphasis on granular detail.

Whittington (2017) offers his strategy framework from a private-sector context, but it is equally applicable to public organizations. Public strategic management scholars have begun the import of strategy-as-practice principles into the field by defining strategic practices in public organizations (Bryson et al., 2009), reconceptualizing public strategic management as 'strategizing' to emphasize human activity (Bryson & George, 2020; Bryson et al., 2020; Hoglund et al., 2018), investigating how strategic management tools are applied in practice at the micro-organizational level of governments (Hansen, 2011; Mitchell, 2019), and exploring behavioral insights of strategy management participants as they strategize (George et al., 2018). The framework also assists in answering the call of Mitchell (2020) to distinguish micro-organizational public strategy implementation activity associated with particular strategic initiatives from macro-organizational strategic management and inter-organizational policy implementation perspectives by developing concepts, models, and theories distinct from these broader fields.

Informed by Whittington's (2017) framework, the following sections outline how strategy operates in practice and process, culminating in a contingent, micro-organizational process model of public strategy implementation. First, strategy practices are generally described, along with how situational context can moderate their use. Second, the strategy implementation process is constructed, illustrating how strategy practices proceed in a coordinated fashion through implementation phases to produce proximate and distal outcomes. Collectively, this model depicts the micro-organizational practices that occur over time and within context to translate abstract strategy into concrete actions and outcomes.

Strategy as Practice

In public strategic management, practitioners employ dozens of practices (Jarzabkowski & Spee, 2009); some may ebb and flow frequently over time (process practices), while others are more enduring (design practices) (Mitchell, 2019). The dynamic utilization of these practices produces temporal variation across implementation phases, which is further compounded by the contingent effect of situational context. This variation provides scholars with an opportunity to examine the relationships between implementation practices and outcomes, moderated by both phase and context.

Practices

Strategy practices, also referred to as strategizing, serve as the heart and soul of this process model as they transform aspirations to capabilities (Bryson & George, 2020). Managerial practices (whether design- or process-oriented) have significant influence over organizational structure, strategy, and performance (Miles & Snow, 1978; Poister & Streib, 1999), and therefore, implementation. Design practices pertain to the employment of entrenched administrative systems and structure; although these organizational elements often remain static through an implementation process, implementation leaders can and do vary the use of them during implementation (Mitchell, 2019)—allowing for measurement of their respective implementation utility. Examples of design practices include resource availability and allocation (Poister & Streib, 1999), executive and stakeholder feedback mechanisms (Bryson et al., 2010), project leader workload (Patanakul, 2013), strategic stance (Andrews et al., 2011), personnel stability (Andrews et al., 2016), organizational culture (Bryson et al., 2010; Fernandez & Rainey, 2006), and performance management integration (Poister & Van Slyke, 2002).

Conversely, process practices are people-oriented; the implementers and their micro-organizational activities, communications, and perceptions (Mitchell, 2019). In contrast to their more enduring counterparts, process practices vary across all phases of implementation—perhaps multiple times. Examples include implementation team attributes and leadership (George, 2017; George et al., 2020), adaptation (Bryson et al., 2010; Walker, 2014), use of technology and consultants (Ahern et al., 2014; George & Desmidt, 2014), communication (Moe & Pathranarakul, 2006), stakeholder collaboration (Bryson et al., 2010), and implementation monitoring and performance (Bryson et al., 2010).

Situational Contexts

As managers deploy implementation practices, they do so with the belief these practices will lead to better implementation outcomes; however, these relationships are often moderated by environmental factors that center on citizen needs and political priorities (George, 2017; Nutt & Wilson, 2010) as well as the availability of technology to address those goals (Ahern et al., 2014; George & Desmidt, 2014). Additionally, an organization's structure/form of government (Poister et al., 2010), financial and professional capacity (George & Desmidt, 2014), culture (Walker, 2014), prior implementation performance (Nutt & Wilson, 2010), and strategic stance (Walker, 2013) can impact strategic management processes. Even at the micro-level, managerial factors related to leadership, teams, stakeholders, implementation complexity, practices, processes, and resource allocation all can interact to produce different strategic outcomes (George, 2017; George, 2021; Nutt & Wilson, 2010). Any one of these contingencies or a combination thereof comprise the situational context for strategy implementation.

In public strategic management, the large majority of scholarship has concentrated on the situational context of the organization; a sufficient unit of analysis when assessing a strategic portfolio. However, the same cannot hold true when one considers strategy implementation: The organization is not the unit being implemented, rather it is a particular strategic initiative. Thus, to fully incorporate contingency theory into public strategy implementation, one must consider the situational context of the strategic initiative.

Similar to problem structuring methods,[1] Mitchell (2019) distills contingencies down to two groups: initiative priority and implementation complexity. Relying upon a 2x2 typology (see Figure 1), initiatives with low priority and complexity are considered *routine*, as the implementation task is known to the organization and there is relatively little public scrutiny for the initiative. Those initiatives with low complexity and high priority are *responsive* efforts—these are relatively simple implementation efforts that are receiving attention from the public. Complex initiatives that are low priority are considered *internal innovation*, as difficult efforts with little external priority are typically driven by staff to improve the organization. Finally, complex initiatives that are high priority can be labeled as *centerpiece* initiatives—these are difficult efforts generally undertaken only because of immense public demand.

Strategy as Process

A process model represents a narrative epistemology—temporal in nature, driven by events, establishing sequence, and tracking variation over time (Van de Ven, 2007); suitable for linking public strategy implementation micro- and macro-organizational activity. Strategy implementation is a process; dynamic through its phases with inherent richness and variety much like the environmental, organizational, and managerial contexts that surround it. Therefore, public strategy implementation theory should account for a strategic initiative as it progresses through micro-organizational processes, with careful consideration of how these activities are affected by the initiative's situational context. This epistemological pivot avoids

Figure 1. A Typology of Strategic Context (Mitchell, 2019)

Complexity			
	High	***Internal Innovation***	***Centerpiece***
	Low	***Routine***	***Responsive***
		Low <=Priority=> High	

the strategic reductivism that limits macro-organizational approaches and offers new insight into what truly transforms strategy from plan to reality.

Phases

Scholars and practitioners of strategy implementation generally agree that phases exist but provide little definition beyond the whole of activity that occurs between strategic formulation and evaluation. As the most widely accepted professional manual for implementers, The Project Management Body of Knowledge (PMBOK) lists five different phases of implementation: Initiating, Planning, Executing, Controlling, and Closing (Project Management Institute, 2017). While offering a sound foundation, the project lifecycle does not sufficiently elevate key aspects of strategy implementation such as resource acquisition (Poister & Streib, 1999), adaptation/learning (Bryson, 2010), or integration (Vinzant & Vinzant, 1996).

The first two PMBOK phases (initiating and planning) largely align with what strategic management scholars refer to as formulation; however, some of these activities occur after strategy formulation is complete and strategic initiatives are identified—therefore within the domain of strategy implementation. Implementation *planning* activities include the creation of a plan for action, identification of necessary resources, and development of a timeline and budget; emulating the concepts of formulation and goals (Ahern et al., 2014), conceptualization (Van den Ende & Van Marrewijk, 2014), and design (Edkins et al., 2013)—to the extent they pertain to implementation activity. Second, *acquiring* resources—the procurement of necessary human, financial, and physical capital—ensures that the 'who' and 'what' are in place prior to commencing with implementation. The acquiring phase includes the concepts of contracting and procurement (Edkins et al., 2013), feasibility (Van den Ende & Van Marrewijk, 2014), and organizing (Nooriafshar, 2013).

To adequately meld strategy implementation concepts such as adaptation, learning, and integration with the final three PMBOK phases, one can turn to normalization process theory (NPT) (May et al., 2009). Rooted in sociology, NPT informs public strategy implementation by categorizing related activity: 1) implementing, 2) embedding, and 3) integrating. May et al. (2009) define implementing as bringing practice into action, which fits well with the PMBOK *executing* phase that includes the concepts of building and creating (Edkins et al., 2013). Next, NPT refers to *embedding* as the process through which new practice becomes incorporated into to everyday work—that murky period after execution of planned implementation tasks when formative evaluation, learning, and adaptation continue until the strategic initiative is comfortably nestled within the existing organization, mirroring the PMBOK monitoring/controlling phase. Finally, May et al. (2009) view *integrating* as the process of weaving new practice into the enduring social fabric of an organization, including the concepts of summative evaluation (Poister et al., 2010), handover (Edkins et al., 2013), and operation (Van den Ende & Van Marrewijk, 2014). Collectively, the contributions of PMBOK, May et al. (2009), and Poister and Streib (1999) offer an innovative set of implementation phases that leverages project management, sociology, and strategic management theory to create a new series of lenses to observe the developing process narrative.

Outcomes

No single concept provides a complete picture of strategy implementation success (Atkinson, 1999). In policy implementation, the ability to meet implementation specifications and policy objectives in reality is known as *fidelity* (Emshoff et al., 1987). Separately, project management scholars have identified two dimensions of success: 1) proximate outcomes related to efficiency of the implementation process itself such as cost, time, and quality, and 2) distal outcomes that reflect post-implementation initiative impact toward achieving strategic goals (Baccarini, 1999), as well as broader public concerns (e.g., equity, responsiveness). When fused, the result befits public strategy implementation—fidelity to cost, time, and quality specifications serve as proximate outcomes, while meeting the associated strategic objective(s) represents the distal outcome. In this study, only proximate outcomes are evaluated as data are limited from U.S. municipalities regarding the distal outcomes stemming from particular strategic initiatives.[2]

Hypothesis

Figure 2 illustrates the contingent, micro-organizational process model of public strategy implementation once the concepts described above are assembled. A strategic initiative enters the implementation process with situational context attached (based on its relative levels of initiative priority and implementation complexity). Design and process implementation practices are applied to the strategic initiative as it progresses through the implementation phases, ultimately producing proximate and distal outcomes.

The research question posits whether the four gray arrows representing the different situational contexts will produce the same outcomes when the same practices are applied at the same times. If not, that would indicate a contingent relationship between one or more implementation practices and the process outcomes. To test this, one can evaluate the efficacy of an implementation practice (or a combination thereof) to determine if this relationship varies by time and context, as follows:

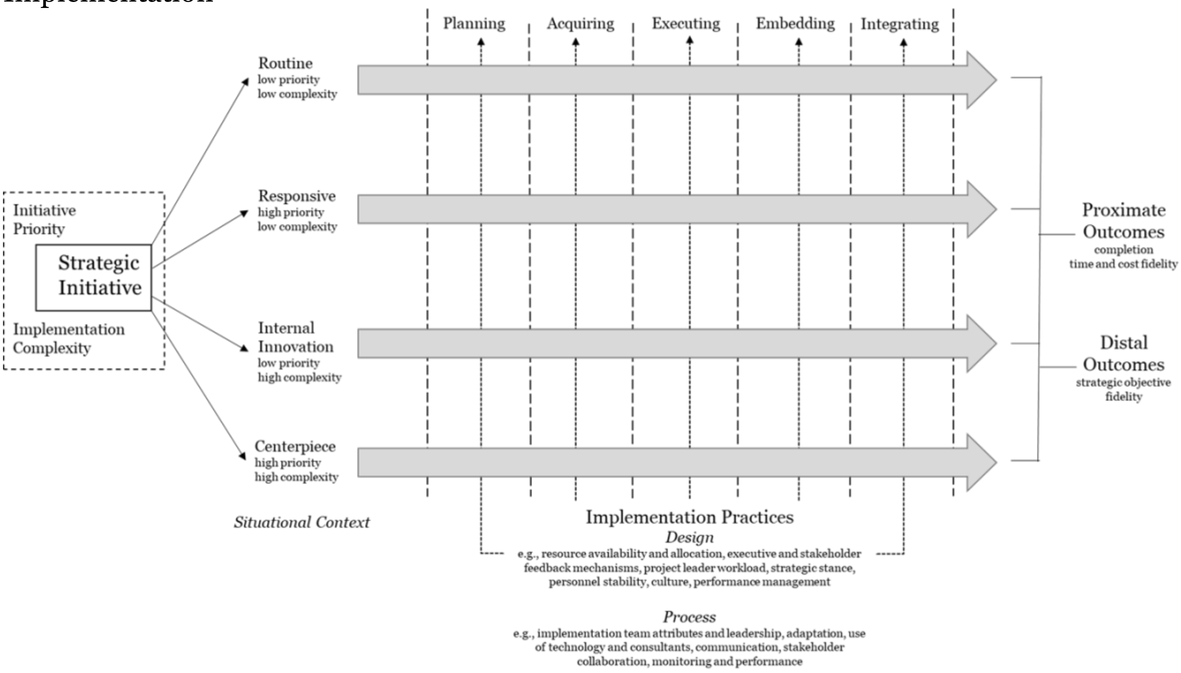
> *Hypothesis*: The efficacy of a design or process implementation practice will vary by implementation phase and the situational context of the strategic initiative to which it is applied.

Data and Variables

Sample Section and Size

The sampling frame for this study are the strategic initiatives associated with the 1,040 municipalities who were awarded the Distinguished Budget Presentation Award for FY 2014 from the Government Finance Officers Association (GFOA),[3] the most set of awardees available during the data collection window of September 2015 to May 2017. During that time, eight random samples were taken without replacement in an effort to incrementally increase sample size within existing data collection resources, ultimately totaling 459 municipalities. The research team determined if these selected organizations possessed a strategic plan that

Figure 2. A Contingent, Micro-Organizational Process Model of Public Strategy Implementation



met the following criteria: 1) The strategic plan was in effect for FY 2012; 2) The plan contains defined strategic initiatives; and 3) These strategic initiatives are finite in nature (possessing a defined beginning and end).[4] From a collaborative review by the research team, 165 (35.9%) municipalities met all three criteria. The respective chief administrative officers (CAOs) were then contacted via email to request participation in the study, with email and telephone follow-ups as necessary—ultimately, 43 municipalities (26.1%) agreed to participate. From each participating municipality, five strategic initiatives were randomly selected retrospectively from its FY 2012 list, creating a total of 215 strategic initiatives that constitute the sample for this study.

Data collection proceeded along two avenues: perceptual surveys and information requests. The CAO or his/her designee was asked to identify a project leader from the organization for each of the five selected strategic initiatives, along with an elected official who had served since 2012. Basic implementation information was asked of each project leader regarding initiative completion, time, and cost, which was obtained for 186 of the 215 strategic initiatives (86.5%).

To elicit a variety of perspectives, a separate survey was distributed to the CAO, the identified elected official, and the project leaders asking questions about the organization's general approach to implementation and related to the initiative. Most of the survey questions ask the respondent to rate their level of agreement with a statement about the initiative's implementation on a 5-point Likert scale. To assist the respondents in differentiating between implementation phases, each was defined and described within the survey question.

Ultimately, 213 surveys were distributed to these individuals, with 179 returned (84.0%). To transform the respondent survey data to the desired unit of analysis, the survey responses for each initiative were combined to create mean response values regarding each survey question; forming the bulk of the dataset as a number of the questions are employed as independent variables in the subsequent analysis. Data for the control variables were collected from the U.S. Census, while the context variable data were produced via coding by the research team.

Operationalizing the Variables

Dependent Variable–Implementation Proximate Outcomes via Efficiency

This study limits its examination to proximate implementation outcomes only as they are the most directly impacted by strategy implementation practices, while distal outcome data for U.S. local governments is largely unavailable. These proximate outcomes are rarely an agreed-upon construct, however; even within an organization (Lim & Mohamed, 1999). At the simplest level, was the initiative completed (Okumus, 2003)? Beyond this, was the initiative completed on time and on schedule (Atkinson, 1999; Pinto & Slevin, 1988)? More subjective measures have also been used, such as the satisfaction of customers, stakeholders, and organizational leaders (Lim & Mohamed, 1999; Munns & Bjeirmi, 1996; Okumus, 2003; Poister & Streib, 2005). However, researchers have found that subjective measures of implementation success introduce bias into the data, do not have a relationship with objective implementation results, and should be avoided (Bommer et al., 1995; Liu & Walker, 1998; Olson et al., 1995; Prabhakar, 2005). Due to this widespread disagreement of the appropriate implementation success measures, the use of multiple measures to illustrate success is recommended (Jugdev & Muller, 2005; Kerzner, 1987).

This study utilizes Mitchell's (2019) implementation efficiency index (IEI) to measure a combination of proximate outcomes. IEI utilizes the traditional implementation proximate outcomes of completion, cost, and time, which ranges from 0 to 1 with incomplete initiatives receiving a 0 and completed initiatives initially receiving a 1. The completed initiative score is then multiplied by the product of the ratios of predicted/actual values for completion time and expended implementation dollars. The most efficient initiatives will receive a score of 1, as they were completed on-budget and on-time, while initiatives not completed receive a score of 0. All other initiatives receive a score somewhere between 0 and 1 (creating a continuous variable) as efficiency is moderated by the effects of delays and overspending. The IEI construct is theoretically preferred as it: 1) utilizes the traditional proximate outcomes of completion, time, and cost; 2) relies upon objective outcome data rather than subjective perceptions; and 3) utilizes multiple measures in its calculation.

Independent Variables

The independent variables in the study are divided into four groups: 1) design practices, 2) process practices, 3) situational context, and 4) controls. The first three categories stem from the strategy-as-practice discussion in the earlier model development section. The design variables represent structural, financial, and social constructs that can be leveraged within an implementation effort to improve proximate outcomes, while the process variables focus on the implementation team and its tactics and performance. Collectively, the design and process practices serve as the research variables in this study, as each is expected to significantly influence implementation efficiency in at least one phase and/or at least one situational context. The independent variable data were primarily collected via survey, asking respondents to indicate their agreement with statements indicating the presence of these strategy implementation practices.

While their individual relationships with the dependent variable are theoretically and practically valuable, it is the combination of these variables that are associated with IEI in each phase and context that provide the basis to evaluate the study hypotheses. The design practices serve a dual purpose as they, along with the control variables, mitigate potential high-performing-organization sampling bias by controlling for professionalism and resources. The detailed literature support, measurement strategy, and operationalization for each of these independent variables are found in Figure 3.

Figure 3. Independent Variables

Variable	Literature Support	Measurement Strategy	Coding
Design Practices			
Adequate Implementation Funding	Budgetary funding critical to acquiring resources necessary to execute implementation activities (Poister & Streib, 1999; Mitchell et al., 2021)	Survey: "The project was adequately funded."	Likert scale: 1=disagree, 5=agree
Change-Conducive Culture	Presence of a change-ready and change-conducive organizational culture prepared for organizational alteration (Fernandez & Rainey, 2006)	Survey: "In general, do you believe that your organizational culture supports and prepares for change?"	Yes=1, No=0
Supportive Stakeholder Coalition	Establishment of stakeholder coalitions that support initiatives for a particular strategic initiative (Mitchell, 2021)	Survey: "Do you believe an active and supportive stakeholder coalition existed for this initiative from the idea stage through the end of implementation?"	Yes=1, No=0
Process Practices			
Adaptive Ability to Challenges	The ability to adjust practices during implementation based on feedback increases chance of success (Bryson, 2010)	Survey: "The project team effectively adapted to the challenges they encountered."	Likert scale: 1=disagree, 5=agree
Defined Project Leadership	Continuity and order in strategic management leadership required for organizational transformation (Vinzant & Vinzant, 1996)	Survey: "The project has a defined leadership structure."	Likert scale: 1=disagree, 5=agree
External Communication Quality	Clear messages and appropriate channels are necessary to inform external stakeholders and audiences (Moe & Pathranarakul, 2006)	Survey: "The project team effectively communicated with external audiences."	Likert scale: 1=disagree, 5=agree
Internal Communication Quality	Projects are not routinized activities, requiring coordination between work units; communication among the team is key (Pinto & Prescott, 1988)	Survey: "The project team effectively communicated among themselves to move implementation forward."	Likert scale: 1=disagree, 5=agree

Project Leadership Quality	Strong leadership is key during organizational uncertainty, exhibiting ability to match implementation tactic to need (Vinzant & Vinzant, 1996)	Survey: "The project implementation leadership was effective."	Likert scale: 1=disagree, 5=agree
Contextual			
Initiative Priority	Prioritized initiatives 1) receive necessary resources and staff (Pinto & Prescott, 1988) and 2) higher scrutiny of implementers (Gliddon, 2004)	Inclusion of initiative in FY 2014 budget message, inter-coded by research team	Yes=1, No=0
Implementation Complexity	Complex initiatives are typically more difficult and riskier than routine ones, accompanied by high levels of uncertainty and little past organizational experience (Faleye et al., 2011)	Ordinal scale based on level of process reform and innovation, inter-coded by research team	0=No reform, 1=Process re-engineering, 2=New, 3=Transformation
Situational Context	Interaction of initiative priority & implementation complexity creates distinct situational contexts that affect relationship between implementation tools and efficiency (Mitchell, 2019)	2x2 typology formed by high and low levels of initiative priority (P) and implementation complexity (C), as depicted in Figure 2.	1=Routine, 2=Responsive, 3=Internal improvement, 4=Centerpiece
Control			
State Population Density	Population density represents urbanism; serving as a proxy for political ideology and administrative capacity (Cann, 2018; Warner & Hefetz, 2012)	Ratio of 2014 state population (U.S. Census estimate) divided by square mileage	Ratio scale
Organizational Fund Balance	If an organization has a "rainy day fund" or other slack resources, then it can better adapt to unforeseen circumstances and implementation cost overruns (Miller et al., 2007)	Unrestricted general fund balance as a % of general fund expenditures, collected from FY 2014 financial audits	Ratio scale

The contexts are operationalized by applying the Mitchell (2019) 2x2 typology of strategic context, established by categorizing strategic initiatives in terms of their relative level of strategic priority and implementation complexity (see Figure 1). The four resulting situational contexts (Routine, Responsive, Internal Improvement, and Centerpiece) offer multiple lenses to evaluate the relationship between designated funding and implementation efficiency, uncovering any contingent effects that may exist. The priority and complexity coding was completed by the research team relying upon intercoder reliability principles; first, each team member coded the strategic initiatives individually; then, in instances where individual coding was not unanimous, the final decision was reached through team deliberation.

Results

Data Description

The descriptive statistics are summarized in Table 1. For the 186 initiatives sampled between 2015 and 2017 with full data, 61% were fully implemented within the 3-year evaluation window. Of the completed initiatives, 87% were done so within budget, and 67% were on time. Distinct from the proportion of completed initiatives, the mean value of the dependent variable (IEI) is 0.52—illustrating the moderating effect of time and cost upon the IEI. Possessing a mean value near midrange along with a relatively large standard error value, IEI demonstrates sufficient variation to lessen concerns regarding the narrow sampling frame of municipalities.

Regarding design practices, the average set of respondents felt that the respective strategic initiative was implemented within an "organizational culture [that] supports and prepares for change" 93% of the time. The average set of respondents for each initiative rated the initiative's level of implementation funding adequacy as 4.09 on a 5-point Likert scale, scoring just above "Somewhat Agree" and well below "Agree." Just under 80% of the mean set of respondents felt "an active and supportive stakeholder coalition existed…from the idea stage through the end of implementation".

Five different implementation process practices are evaluated in this analysis. The dataset contains an observation for each process practice in each of the five implementation phases, representing the average submitted response to a question gauging level of agreement to the presence of the practice in that particular phase. In general, the response averages range from 3.94 to 4.34 on the scale (centered around "Somewhat Agree") and tend to rise with each subsequent phase. The respondents most agreed that Project Leadership Quality was present for the respective initiative, while they least agreed that External Communications Effectiveness was present. The number of responses for each phase tended to decrease over time, representing initiatives that were abandoned before reaching later implementation phases.

Situational context variables act as moderators for the statistical relationships tested in this study, determined by low and high levels of priority and complexity. The dataset is exactly split between cases of low and high complexity, while 53% are rated as lower priority (47% rated as higher priority). This configuration results in 55 routine initiatives (26%, low priority-low complexity), 49 responsive initiatives (24%, high-low), 54 internal innovation initiatives (26%, low-high), and 49 centerpiece initiatives (24%, high-high).

Testing the Models

To complete the inferential analysis, this study utilizes five OLS regression models (one for each implementation phase), controlled for the random effects associated with each

Table 1. Descriptive Statistics

Variable	n	Mean	Standard Error
Dependent Variable (0-1 scale)			
Implementation Efficiency Index	186	0.52	0.455
Process Practices (1-5 scale)			
Adaptive Ability (Phase 1)	193	4.11	0.961
Adaptive Ability (2)	188	4.15	0.988
Adaptive Ability (3)	186	4.17	1.006
Adaptive Ability (4)	182	4.19	0.969
Adaptive Ability (5)	178	4.21	0.985
Defined Project Leadership (1)	196	4.27	0.918
Defined Project Leadership (2)	190	4.29	0.948
Defined Project Leadership (3)	189	4.34	0.919
Defined Project Leadership (4)	185	4.30	0.961
Defined Project Leadership (5)	183	4.26	0.964
External Communications Quality (1)	196	3.94	0.997
External Communications Quality (2)	192	4.02	0.992
External Communications Quality (3)	190	4.05	0.962
External Communications Quality (4)	186	4.07	0.949
External Communications Quality (5)	181	4.15	0.941
Internal Communications Quality (1)	193	4.11	0.951
Internal Communications Quality (2)	186	4.15	0.939
Internal Communications Quality (3)	184	4.17	0.946
Internal Communications Quality (4)	179	4.19	0.930
Internal Communications Quality (5)	174	4.21	0.927
Project Leadership Quality (1)	197	4.26	0.957
Project Leadership Quality (2)	192	4.27	0.944
Project Leadership Quality (3)	190	4.29	0.970
Project Leadership Quality (4)	186	4.31	0.941
Project Leadership Quality (5)	182	4.32	0.938
Design Practices			
Change-Conducive Culture (0-1 scale)	207	0.93	0.128
Funding Adequacy (1-5 scale)	192	4.10	1.103
Supportive Stakeholders (0-1 scale)	207	0.80	0.327

municipality and its respective set of strategic initiatives. Random effects are included in each of the statistical models in lieu of fixed effects as guided by Hausman tests, which determine whether the unique errors are correlated with the regressors. In all cases, the correlations were not statistically significant; indicating that controlling for fixed effects is not necessary (Torres-Reyna, 2010). Each model includes the three design practices (Change Conducive Culture, Funding Adequacy, and Supportive Stakeholders), as well as the State Population Density and Organizational Fund Balance control variables.

The five process practices are also evaluated for inclusion into the model, as well as their respective three-way interactions with the Priority and Complexity context variables. Three-way interactions are a preferred method for studying relationships moderated by two dichotomous variables as they can identify significant relationships and slope values for a given focal independent variable in all four of the resulting contingencies (Jaccard & Turrisi, 2003). Since the number of observations in each of the five models range from 156 to 167, the number of variables included in the model cannot exceed 16 in deference to the "no less than ten cases per independent variable" rule of thumb. Due to this limitation, only micro-organizational process practices are subject to interactions since they possess more variability through the implementation process. Since each additional three-way interaction creates three new variables, only two process practices can be included into each model. Therefore, the study utilizes a stepwise approach to determine which two process practices provide the best fit for the respective model. Finally, control variables representing state-level population density and organizational fund balance are included in the model to address the sampling bias concerns discussed above by accounting for professionalism and political ideology. Thus, each model includes 16 total variables representing two process practices, three design practices, seven interactions, two situational contexts, and two controls.

A summary of all five phasic models is included in Table 2, with each producing a statistically significant relationship with implementation efficiency and explaining 16-20% of IEI variation in its respective phase. Multicollinearity and robustness checks were performed to further test the models, with no significant issues identified. The design and process practices all produce multiple significant and often contingent relationships with IEI, justifying their inclusion in the models. For all other variables, only the relationship direction and significance are reported to consolidate presentation. To demonstrate magnitude, the predicted slope values for all significant relationships are presented in Table 3. Since the values are regressed on a dependent variable with a 0-1 range, they can be interpreted as the estimated percentage improvement (or decline) in implementation efficiency for the focal variable at the intersection of a given phase and context per unit of the survey response scale (Jaccard & Turrisi, 2003).

Planning Phase

The two process practices, Adaptive Ability and Defined Project Leadership, both produce statistically significant contingent relationships with implementation efficiency during the Planning phase. Within the Routine context (low priority and complexity initiatives), the process practice of Defined Project Leadership has a positive relationship with IEI, boosting its value by 16.0% per unit of average response (for context, this variable's sample mean of the respondent average is 4.27 on a 1-5 scale). However, in the Internal Innovation context (low priority/high complexity), Defined Project Leadership reduces IEI values by 28.4% per scale unit. This is buffered by Adaptive Ability, which increases IEI by 30.9% per scale unit for initiatives within this context. These two variables do not have significant relationships with IEI in all other contexts. As for design practices, two possess strong positive relationships with IEI during the Planning phase. The perception of a Change-Conducive Culture increases IEI by 31.9%, while a perceived Funding Adequacy increases by IEI by 9.0% per scale unit. The control variables do not possess any statistically significant relationships with IEI. Overall, the Planning phasic model accounts for 18.5% of IEI variation.

Acquiring Phase

The selected process practices, Project Leadership Quality and Internal Communications Effectiveness, only produce a statistically significant relationship with implementation efficiency in the Internal Innovation context. Each scale unit increase of average agreement intensity for Internal Communications Effectiveness increases IEI by 35.5%, while Project Leadership Quality reduces IEI by 37.4%. Regarding design practices, the results largely

Table 2. Contingent, Micro Organizational Process Models of Public Strategy Implementation

		IMPLEMENTATION PHASE				
	DV: Implementation Efficiency Index	I Planning	II Acquiring	III Executing	IV Embedding	V Integrating
	ROUTINE CONTEXT (main effects, X)					
	Project Leadership (Q)		0.118			0.140
			(0.103)			(0.113)
	Adaptive Ability	-0.091		-0.093	-0.142	
		(0.100)		(0.099)	(0.121)	
	External Communications (Q)			0.204**	0.188*	
				(0.103)	(0.103)	
	Internal Communications (Q)		-0.044			-0.166
			(0.117)			(0.133)
	Defined Project Leadership	0.160*				
		(0.092)				
	*RESPONSIVE CONTEXT (first-order effects, Priority * X)*					
	Project Leadership (Q)		-0.059			-0.088
			(0.144)			(0.190)
	Adaptive Ability	0.082		0.146	0.280*	
		(0.150)		(0.143)	(0.157)	
	External Communications (Q)			-0.248*	-0.301**	
				(0.144)	(0.142)	
	Internal Communications (Q)		0.047			0.122
			(0.167)			(0.200)
PROCESS PRACTICES	Defined Project Leadership	-0.059				
		(0.186)				
	*INTERNAL INNOVATION CONTEXT (first-order effects, Complexity * X)*					
	Project Leadership (Q)		-0.374**			-0.598***
			(0.163)			(0.198)
	Adaptive Ability	0.309**		0.141	0.215	
		(0.128)		(0.128)	(0.148)	
	External Communications (Q)			-0.270**	-0.238*	
				(0.134)	(0.134)	
	Internal Communications (Q)		0.355**			0.633***
			(0.155)			(0.212)
	Defined Project Leadership	-0.284**				
		(0.120)				
	*CENTERPIECE CONTEXT (second-order effects, Priority * Complexity * X)*					
	Project Leadership (Q)		0.198			0.484*
			(0.213)			(0.282)
	Adaptive Ability	-0.261		-0.181	-0.363*	
		(0.191)		(0.188)	(0.200)	
	External Communications (Q)			0.279	0.398**	
				(0.195)	(0.196)	
	Internal Communications (Q)		-0.266			-0.554**
			(0.212)			(0.286)
	Defined Project Leadership	0.165				
		(0.220)				

DESIGN PRACTICES	Funding Adequacy	0.090**	0.066*	0.093**	0.084**	0.081**
		(0.036)	(0.037)	(0.036)	(0.041)	(0.041)
	Supportive Stakeholders	0.319**	0.398***	0.388***	0.395***	0.391***
		(0.128)	(0.122)	(0.125)	(0.127)	(0.127)
	Change-Conducive Culture	0.487	0.468	0.445	0.454	0.671**
		(0.356)	(0.346)	(0.325)	(0.325)	(0.337)
OTHER	State Population Density	(-)	(-)	(-)	(-)	(-)
	Fund Balance	(-)	(-)	(-)	(-)	(-)
	Priority	(-)	(-)	(+)	(-)	(-)
	Complexity	(-)	(-)	(+)	(-)	(-)
	Priority * Complexity	(+)	(+)	(-)	(+)	(+)
	Constant	(-)	(-)	(-)*	(-)	(-)
	n	167	166	166	162	156
(Q): Quality Measure	Adj. R^2	0.185	0.204	0.175	0.162	0.188
****p<0.01, **p<0.05, *p<0.10*	*X*	53.60***	58.17***	50.90***	47.11***	51.74***

Note: OLS Multiple Regression with Three-Way Interactions, by Implementation Phase

mirror those found in the Planning phase. A perceived Supportive Stakeholder Coalition increases IEI by 39.8% while Funding Adequacy enhances IEI values by 6.6% per scale unit. The Acquiring phasic model is the strongest, accounting for 20.4% of IEI variation.

Executing Phase

External Communications Effectiveness serves as the dominant process practice variable in the Executing phase, holding significant relationships with IEI in three of the four situational contexts. In the Routine context, External Communications Effectiveness increases the IEI value by 20.4% per scale unit. However, the relationship is reversed in the two other significant contexts, where the practice reduces IEI by 24.8% per scale unit in the Responsive context and 27.0% in the Internal Innovation context. While Adaptive Ability was included in the model, the variable did not produce any statistically significant relationships with IEI. Design practice relationships remain consistent across the phases, as a Supportive Stakeholder Coalition grows IEI by 38.8% and Funding Adequacy increases by IEI value by 9.3% per scale unit. This model explains 17.5% of IEI variation.

Embedding Phase

The same two process variables from the Executing phase, External Communications Effectiveness and Adaptive Ability, possess statistically significant relationships with IEI in all four situational contexts. For Routine initiatives, the intensity in perception of External Communications Effectiveness increase IEI value by 18.8% per scale unit. In the Responsive context, Adaptive Ability improves IEI value per scale unit by 28%. For Responsive and Internal Innovation initiatives, External Communications Quality reduces IEI by 30.1% and 23.8%, respectively. In the Centerpiece context, External Communications Effectiveness increases IEI values by 39.8% while Adaptive Ability reduces them by 36.3%. The same two design practices once again have statistically significant relationships with IEI. A perceived Supportive Stakeholder Coalition increases IEI by 39.5%, and Funding Adequacy enhances IEI values by 8.4% per scale unit. This model explains 16.2% of IEI variation, representing the weakest of the models.

Table 3. Substantive Impact of Implementation Practices upon Efficiency Variable Slopes, by Situational Context and Implementation Phase

		IMPLEMENTATION PHASE				
	DV: Implementation Efficiency Index	I Planning	II Acquiring	III Executing	IV Embedding	V Integrating
PROCESS PRACTICES	*ROUTINE CONTEXT (main effects, X)*					
	External Communications (Q)			-0.204	0.188	
	Defined Project Leadership	0.160				
	*RESPONSIVE CONTEXT (first-order effects, Priority * X)*					
	Adaptive Ability				0.138	
	External Communications (Q)			-0.044	-0.113	
	*INTERNAL INNOVATION CONTEXT (first-order effects, Complexity * X)*					
	Project Leadership (Q)		-0.256			-0.458
	Adaptive Ability	0.218				
	External Communications (Q)			-0.066	-0.050	
	Internal Communications (Q)		0.311			0.467
	Defined Project Leadership	-0.124				
	*CENTERPIECE CONTEXT (second-order effects, Priority * Complexity * X)*					
	Project Leadership (Q)					-0.062
	Adaptive Ability				-0.010	
	External Communications (Q)				0.047	
	Internal Communications (Q)					0.035
DESIGN	Funding Adequacy	0.090	0.066	0.093	0.084	0.081
	Supportive Stakeholders	0.319	0.398	0.388	0.395	0.391
	Change-Conducive Culture					0.671

Integrating Phase

The final implementation phase is yet again most influenced by the Internal Communications Effectiveness and Project Leadership Quality process practices, this time more intensely than the Acquiring phase. These variables only possess statistically significant relationships with IEI in the Internal Innovation and Centerpiece contexts. In the former context, perceived Internal Communications Effectiveness increases IEI by 63.3% per scale unit, while perceived Project Leadership Quality decreases IEI value by 59.8% per scale unit. The reverse relationship holds true in the Centerpiece context; Project Leadership Quality improves IEI by 48.4% per scale unit while Internal Communications Effectiveness reduces IEI by 55.4% per scale unit. The design practices are most impactful in the Integrating phase, a perceived Change-Conducive Culture possesses a significant relationship with IEI for the first time as it increases IEI value by 67.1%, a perceived Supportive Stakeholder Coalition increases IEI by 39.1%, and Funding Adequacy enhances IEI values by 8.1% per scale unit. This model explains 18.8% of IEI variation.

Discussion

Does the effectiveness of an implementation practice significantly vary across implementation phase or situational context? A cursory glance at Table 2 provides all the information necessary to answer this question in the affirmative. Each implementation phase contains a distinct set of practices that significantly affect implementation efficiency, either positively or negatively. Likewise, one can also identify a different group of recommended practices for all four types of strategic initiatives (distinguished by their situational context), driven primarily by the level of implementation complexity. Collectively, the analysis provides substantial support for the research hypothesis, along with the contingent micro-organizational process model of public strategy implementation from which it is derived.

The analysis offers practical guidance to navigating the contingent relationships of public strategy implementation, based on the situational context of the strategic initiative. In the Routine context where priority and complexity are lower, defined and effective leadership drive more efficient implementation (especially during the Planning phase), as well as effective communication with external stakeholders as implementation progresses (e.g., the Executing and Embedding phases). The ability to adapt to implementation challenges and the quality of internal communications generally appear to be negatively associated with implementation efficiency (but not to a significant degree within this sample), indicating that emphasizing these practices in this context may lead to delays and additional costs, or jeopardize the strategic initiative itself. In short, Routine initiatives benefit from an effective leader who can organize planning activities and keep stakeholders informed of implementation activities.

The converse is true for strategic initiatives in the Responsive (higher priority with lower complexity) and the Internal Innovation (higher complexity with lower priority) contexts. Adaptive ability during planning and embedding activities and internal communication quality during resource acquisition are crucial to implementation efficiency in these contexts; while emphasis on project leadership quality during acquiring, external communications during core implementation activities, and a defined project leadership structure while planning could each set back the implementation effort. Overall, these types of strategic initiatives appear to benefit from a strong, collaborative implementation team rather than rely upon defined leadership.

The implementation of strategic initiatives in the Centerpiece context where priority and complexity are higher largely mirror patterns found in the Routine context, however the effects are more pronounced. Effective communications with stakeholders during the Executing and Embedding phases promote implementation efficiency in this context, as well as effective project leadership as the initiative is integrated into the organization, while less emphasis should be paid to adapting in the Embedding phase and internal communications quality in the Integrating phase. Process practices within this context seemingly have the most effect in the latter phases of implementation, indicating a strong leader who effectively communicates with stakeholders is the key to implementation efficiency during the final push toward embedding and integrating the strategic initiative into the organization.

For practitioners, this study emphasizes the need to understand the context surrounding a particular strategic initiative, not only in terms of priority and complexity but also the current implementation phase. Public strategy implementation is a dynamic process; its management should respond in kind. While the contextual recommendations offered from this study (summarized in Figure 4) only scratch the surface of implementation contingency, public strategic practitioners should constantly assess the priority attached to a strategic initiative, the complexity of its implementation, its stage within the implementation process, and the interplay between the three; and allow for such diagnosis to drive implementation practices.

Theoretically, the study provides initial support for a contingent, micro-organizational process model of public strategy implementation, further validating Whittington's (2017) framework of strategy as a practice and process and applying it successfully to the public sector. The analysis demonstrates that relationships between implementation practices and proximate outcomes are moderated by situation and phase, establishing both temporal and contextual contingencies within strategy implementation. The findings support the notion the implementation practices differ in their influence, with process practices varying to a greater degree than design practices. Most importantly, the study provides an alternative for strategic

Figure 4. Situational Practice Recommendations for Practitioners

Situational Context of the Strategic Initiative	IMPLEMENTATION PRACTICES	
	Helpful	Harmful
ROUTINE (low priority, low complexity)	- Quality communication with external stakeholders while executing implementation and embedding the initiative into the organization - Well-defined project leadership while planning for implementation	- None identified
RESPONSIVE (high priority, low complexity)	- Ability to adapt while embedding the initiative into the organization	- A focus on stakeholder communications while executing implementation and embedding the initiative into the organization
INTERNAL INNOVATION (low priority, high complexity)	- Ability to adapt while planning - Strong internal team communications while acquiring resources for implementation and integrating into operations	- A focus on stakeholder communications while executing implementation and embedding the initiative into the organization - Rigid and dominant leadership approach while planning implementation, acquiring resources for implementation, and integrating initiative into operations
CENTERPIECE (high priority, high complexity)	- Quality communication with external stakeholders while embedding the initiative into the organization - Strong project leadership while integrating the initiative into operations	- Adaptation while embedding the initiative into the organization - A focus on internal team communications while integrating initiative into operations
GENERAL	- Provide adequate implementation funding in all phases - Maintain support from stakeholders in all phases - Foster a change-conducive culture, which is especially effective during the integrating phase of implementation	- Be wary of any other purported one-size-fits-all best practices, consider the initiative's priority, complexity, and the stage of implementation when selecting implementation practices

reductivism by validating the strategic initiative as a viable unit of analysis in public strategic management scholarship.

Due to the broad nature of the model proposed here and its multiple contingencies, its full scope could not be tested in a single study. The following questions are left for future research: 1) How do iterative processes of executing and embedding generate organizational learning? 2) How is organizational learning diffused to other governments via broader institutions? and 3) Do implementation practices affect distal outcomes contingently? If so, how? The study design also limits its generalizability in a number of meaningful ways. First, the size and composition of the dataset creates analytical challenges—especially when utilizing three-way interactions in regression. A larger, more organizationally diverse sample size would eliminate the need for stepwise regression tactics and lessen the impact of unspecified organizational effects. Second, the scope of municipalities should also be broadened beyond those with GFOA award-winning budgets and initiative-specific strategic plans to expand the prescriptions of the research to all local governments. Finally, conceptualizing strategic success in terms of implementation efficiency ignores distal outcomes that have direct impact upon communities and their citizenry; with a potential bias toward defining "successful" strategic initiatives as those that are less difficult to execute.

Ultimately, this study emphasizes the need to retire Maslow's (1966) golden hammer in public strategy implementation—a standard hammer works just fine when accompanied by wrenches, screwdrivers, and pliers. In practice, the dynamics of organizational change cannot be distilled down to just a few variables as is regularly done in macro-organizational studies.

Even when treated contingently, these broad concepts can only capture a small portion of the variation created by the rich array of implementation actors and their activities. Further, practitioners continue to show a proclivity toward one-size-fits-all solutions that limit options and frustrate progress. Both approaches set aside the immense complexity inherent to public strategy implementation, which can only be remedied by a deeper dive into micro-organizational exploration. But adding more tools to the toolbox is only as effective as knowing when to appropriately use them. The situation is key, as is the ability to identify it—this study represents an early attempt to provide such guidance by identifying contingent best practices based on initiative context and implementation phase. As a field, those who practice and study public strategy implementation might quickly realize they have many more tools at their disposal to improve strategic outcomes and therefore government effectiveness—but only once they put down the hammer.

Notes

1. Problem structuring methods refer to a broad group of decision-making models that assist in understanding the context and complexity of a problem to better formulate a solution (Rosenhead, 2013). Most operate on a spectrum for a problem dimension, or multiple spectra to create a typology. A number of these tools have been applied to strategy making (Ackermann, 2012). The Cynefin framework (Snowden & Boone, 2007) is a popular decision-making model that focuses on problem complexity in terms of cause-and-effect relationships and what can be known about them. This model has similarities to the Mitchell (2019) context framework cited in this study but does not consider the organizational priority attached to problem resolution.
2. Although the use of strategic management by municipalities is rising (Poister, 2010), it is still a relatively new tool for local governments. The situation limits the study of distal outcomes because a longer evaluation period is necessary to realize if a long-term impact has occurred. This creates a paradox because as the evaluation period is lengthened (a minimum of 3-5 years post-implementation is necessary to measure full impact), one soon encounters a dearth of municipalities with an adopted strategic plan and pre- and post-implementation distal outcome data. This reality distinguishes this study from previous public strategic management work, where distal outcome data were readily available (Andrews et al., 2011; Meier et al., 2007).

3. The GFOA Distinguished Budget Presentation Award encourages state and local governments to incorporate best practices as they prepare budget documents. Over 1,600 governments have received the award. Focusing upon this group of municipalities substantially increases the convenience of data collection, as the award requires a statement of organization-wide strategic goals and strategies in budget documents (GFOA, 2005). This choice may have implications for generalization as GFOA award winners are typically better performing governments overall. Control variables and design practices included in the models account for any unexplained advantages in terms of professionalism and resources.
4. These criteria serve two purposes: 1) They reflect best practice in strategic management by creating actionable initiatives that are easily evaluated (Walter et al., 2016), and 2) They ensure the study can be conducted at the initiative level of analysis and provide proximate outcome data for the IEI dependent variable.

Disclosure Statement

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Research Article

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Do NPM Strategies Lead to Negative Organizational Behavior? Lessons from the Differential Effects of Contracting Out on Voluntary Turnover

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While public sector organizations have increasingly utilized New Public Management (NPM) strategies as a means of increasing the values of the market, a growing body of literature suggests that market-based reforms may generate indirect costs associated with negative organizational behaviors in the public sector. Focusing on probable consequences of government contracting out for the public workforce, this study examines the relationship between contracting out and voluntary turnover relying on a panel data of U.S. federal agencies from 2010 to 2017. The results present that contracting activity is associated with voluntary quits in the opposite direction depending on the level of job satisfaction. This finding disentangles the previous discussion on the relationship between NPM strategies and employee behavior.

Keywords: Contracting Out, New Public Management, Turnover, Job Satisfaction

Introduction

Market-based reforms to make public organizations more business-like have been global phenomena for several decades. In particular, New Public Management (NPM) was the most salient movement as public sector organizations encountered increased pressure and competition because of an increasingly challenging and rapidly changing environment (Ellis, 1998; Newton, 2003). The primary goal of NPM is "commodification of services under the slogan of 'value for money'" (Diefenbach, 2009, p. 894). Indeed, the NPM's strategic objective, the shift to output controls from input controls, helps public administration improve in many ways, including increased efficiency and productivity of public organizations (Freiberg, 2005; Hoggett, 1996; Pollitt, 1990; Wilenski, 1988). Among a variety of forms of market-based management reforms in the public sector, a popular effort is contracting out, which delegates the provision of public goods and services to other organizations (Hodge, 2000). Scholars have long observed that contracting out has played a significant role in infusing market-based values into all levels of government in the United States (Frederickson, 1997; Kettl, 1993; Milward, 1994).

In the meantime, the public administration literature suggests that a growing use of market-like arrangements has massive consequences for employees (e.g., Diefenbach, 2009). However, while studies on the effects of market-based reforms often focus on a few aspects or

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areas of outcome, such as economic consequences (e.g., Domberger & Jensen, 1997; Hodge, 2000; Iseki, 2010; Ohlsson, 2003; Williamson, 1985, 1991), the literature provides limited discussion and mixed evidence on the consequences of contracting out for public personnel. Thus, its effects on employees' turnover behavior remain to be explored.

This study investigates the effects of contracting out on the voluntary turnover rate in the U.S. federal bureaucracy. In doing so, this study tries to contribute to the literature of both contracting out and turnover. Understanding turnover rate as a probable consequence of the practice of contracting out is important because high turnover rate results in talent loss, which in turn hinders organizational outcomes, such as organizational performance (Hausknecht & Trevor, 2011). In addition, this study develops and tests a model that examines not only the independent effect of contracting out on employees' voluntary turnover, but also the relationship given the levels of job satisfaction in organizations. This would help public managers find appropriate strategies to address probable effects of those practices. Further, this study employs panel-data analyses along with eight years of data from the Federal Employee Viewpoint Survey, Fedscope, and the Federal Procurement Data System from 2010 to 2017. This longitudinal study allows better analyses in terms of causal inferences by allowing for more efficient estimation with increased variability, temporal priority of explanatory variables over outcomes, and reduced omitted variable bias, controlling for time-invariant factors (Baltagi, 2005; Kennedy, 2008; Wooldridge, 2010; Lee et al., 2018).

This study begins with a brief background regarding the importance of examining market-based reforms and the impacts on remaining employees. Next, based on reviewing the literature, the hypothesized relationships between contracting out and turnover are suggested. In the third section, the discussion moves to the data, variables, and methods used to test the empirical models. Next, the study presents the results of the empirical models, contributions to the literature, and practical implications. The paper then concludes by offering suggestions for future research in the area.

Literature Review

While a growing body of the literature suggests the probable consequences of contracting out for the workforce, empirical research on the relationship between contracting out and employee attitudes has shown mixed evidence. As a result, how contracting out affects the attitudes and behavior among public employees and their unions still remains a contentious issue. Nonetheless, the mixed evidence underscores that contracting out provokes many changes within the organization.

A number of possible advantages of contracting out for public employees have been suggested. Government contracting out may lessen red tape (Moynihan & Pandey, 2007) and provide public employees with learning opportunities from private contractors (Lindholst et al., 2018), which in turn bring higher levels of public sector motivation (Davis & Stazyk, 2014). As such, earlier studies have reported positive effects of contracting out, such as higher job satisfaction (Cunha & Cooper, 2002; Nuppenau, 2009), less stress (Cunha & Cooper, 2002), and more flexibility in work practices (Camp & Gaes, 2002; Dube & Kaplan, 2010; Flecker & Hermann, 2011).

Recent studies, however, dominantly find negative consequences of contracting out for employees. These studies offer abundant negative impacts of contracting out on employee attitudes and their working conditions, such as more stress and burnout (Hansen et al., 2009), reduced job satisfaction (Engstrom & Axelsson, 2010; Falkenberg et al., 2009; Flecker & Hermann, 2011; Lee et al., 2019; Lee et al., 2021; Park, 2004; Yang & Kassekert, 2010), and less job security (Cunningham & James, 2009; Dube & Kaplan, 2010; Engstrom & Axelsson, 2010; Ferrie et al., 2001; Hebdon, 2006; Park, 2004; Zuberi, 2011). In particular, Johnston and Seidenstat (2007) present evidence that low bidding contracting leads to high turnover of a private firm's employees.

Hence, the literature has not explored the actual behavior of *remaining* employees—i.e., *turnover*—as one of the probable consequences of contracting out practices while examining the impact of contracting out on the size of the workforce as a whole (Fernandez et al., 2007), minority employment (Brown & Kellough, 2020), or contracted employees' performance (Johnston & Seidenstat, 2007). Among the types of turnover, this study focuses on *voluntary turnover*, in which employees hold higher human and social capital as compared to those who are involuntarily terminated from their positions by their employers for their poor performance or misconduct. For this reason, high voluntary turnover is an expensive loss to organizations considering the loss of human and social capital (Hausknecht & Trevor, 2011), whereas involuntary turnover is assumed to provide benefits for organizational performance (Dalton et al., 1983; Holtom et al., 2008). Though it is often evidenced that contracted employees perform better in some aspect (e.g., Christensen et al., 2011; Mikesell, 2004), understanding the potential effects of contracting out on voluntary turnover is important as personnel stability in an organization facilitates organizational performance and managerial quality (O'Toole & Meier, 2003).

Contracting Out and Turnover in the Public Sector

The turnover literature, which is increasingly emphasizing the importance of understanding turnover at the organizational level, groups key antecedents of turnover into three major categories: human resource systems and practices, aggregate levels of employee attitudes and perceptions, and collective characteristics. Among many others, a notable antecedent the turnover literature identifies is *downsizing* or *organizational change*, which is necessarily involved in implementing market-based reforms or contracting out. O'Toole and Meier (2004) suggested that high levels of turnover of teachers are positively associated with contracting in the public education field, but Rho's (2013) longer period of data analyses do not support the relationship between teacher turnover and contracting. However, if the purpose of delegating government functions to the private sector is to save operating costs, many of these may come at the expense of public employees (Donahue, 1989). Saving operating costs is inevitably linked to reducing the number of employees given that state and local government spending is concentrated on personnel costs (Kettl, 1993). Evidence shows that contracting with private firms results in significant reductions in the public workforce in some municipal agencies (Stein, 1990).

Vrangbaek et al. (2015, pp. 5-6) further argue that "if savings are to be realized through contracting out, this is likely to also involve staff reductions, which may in turn put more pressure on the remaining employees." Relatedly, Trevor and Nyberg (2008) provided evidence that voluntary turnover rates were associated with a 36% increase in response to a 2% downsizing in the workforce as compared to companies which did not reduce the size of the workforce. Batt and his colleagues (2002) also found that downsizing in telecommunications establishments was positively associated with voluntary turnover rates, thereby suggesting that downsizing lowers job security and discourages its workforce. It is difficult to fire public employees as compared to private contract workers due to various civil service rules and constraints (Greene, 2002), but contracting with private sector operators provides public managers with opportunities for hiring temporary workers without enlarging public employment (Mastracci & Thompson, 2005).

The psychological contract theory explains the possible relationship between contracting out and employees' turnover by predicting the situations in which employees withdraw themselves from their work (Lee et al., 2021). Fernandez et al. (2007) indicate that contracting out public services to for-profit entities decreases full-time employment but generates more part-time employment in the public sector; and public sector unions oppose privatization initiatives in part due to the potential threat of job loss (Fernandez & Smith, 2006). Indeed, job security is an important incentive for individuals who choose to work for the government (Hur & Perry, 2019). Therefore, when the organization does not meet an employee's expectations, the psychological contract is violated. Consequently, public employees consider the job insecurity resulting from contracting out as a violation of the psychological contract between employee and employer (Lee et al., 2021). The violation of the psychological contract leads employees to leave their workplace (Datta et al., 2010).

Government contracting also seems to negatively affect psychological contracts established in employer-employee relationships in terms of public service motivation (PSM). Public employees are less supportive of privatization and contracting out (Fernandez & Smith, 2006), as the public workforce considers the market-based reforms undermining the public service values they uphold (Perry & Wise, 1990). Perry and Wise (1990) reasoned that individuals with high PSM are attracted to public organizations for their prosocial and altruistic orientations. Research on PSM found that public employees more highly valued public service than their counterparts (Lewis & Frank, 2002; Rainey, 1982; Steijn, 2008); a significant portion of individuals transitioned from the private sector to the public sector to fulfil their PSM (Georgellis et al., 2008); and the effect of PSM on public employees' intentions to stay in their workplace was stronger when they felt that their work was useful to society (Steijn, 2008). Further, research on attrition from public organizations presents that PSM is linked to lower turnover (Crewson, 1997; Naff & Crum, 1999; Steijn, 2008). To sum up, remaining public employees may withdraw from their work as the organization contracts out more services they have provided.

Lee et al. (2021) found higher employee turnover intention after increased contracting out. However, turnover intention is not always linked to turnover behavior when controlling for confounding factors (Lee et al., 2018). Thus, it is meaningful to further investigate the following hypothesis on the impact of contracting out on public employees' voluntary turnover.

> *Hypothesis 1:* Contracting out will be positively associated with voluntary turnover rate.

Moderating Effect of Job Satisfaction on Contracting Out and Employee Turnover

As the turnover literature reveals that the relationship between turnover rate and its antecedents are contingent upon certain moderators, this study proposes that the relationship of contracting out to turnover rate may be moderated by job satisfaction. Job satisfaction may not only relate to turnover, but also may moderate the relationship between organizational change and employee behavior. Hobfoll (2001) suggests that job satisfaction can protect employees who face loss of resources or lack of resources and assist them to recover from loss and to maintain optimal functioning. In a survey of employees in higher education institutions in the U.S., job satisfaction was found to buffer and alleviate job stress and burnout among them (Khalid et al., 2012).

Job satisfaction plays an important role in contracting out research. For example, Yang and Kassekert (2010) investigated employee job satisfaction as a consequence of contracting out; Lee et al. (2019) examined an intermediary role of job satisfaction in the relationship between contracting out and organizational performance; and Lee et al. (2021) found that job satisfaction mediates the effect of contracting out on employee turnover intention. Job satisfaction is also one of the most common predictors in turnover research. Fisher and Hanna (1931) note that "the prominence of emotional factors in the separation of the individual from his job is no longer open to doubt" (pp. 231-232). Bluntly speaking, if job satisfaction is low, individuals are apt to search for another job. Instead, if job satisfaction is high, they are more likely to stay in their current organizations (Mitchell et al., 2001). Studies linking job satisfaction to organizational turnover rate also indicate that organizations which consist of more satisfied and committed members tend to have lower turnover rates as compared to their counterparts (Hausknecht & Trevor, 2011). In particular, Porter and his colleagues (1974) studied the relationship between job satisfaction and turnover among a sample of psychiatric technicians across time. Their discriminant analysis indicates that the various aspects of job satisfaction were found to discriminate between stayers and leavers. More specifically, leavers are characterized by lower levels of the diverse components of job satisfaction than stayers. Turnover researchers have also empirically evidenced with a variety of models that job satisfaction is an intermediate antecedent of turnover as well as a direct antecedent (e.g., Ali, 2019; Lee et al., 2018; Mobley et al., 1979; Muchinsky & Morrow, 1980).

Nevertheless, some critical questions remain. Griffeth et al.'s (2000) meta-analysis found a modest correlation, -0.19, between job satisfaction and turnover. Other meta-analyses, however, present substantially different correlations between job satisfaction and turnover. For example, Carsten and Spector (1987) presented correlations ranging from -0.51 to 0.09. While there exist several alternative explanations, including temporal differences and inconsistencies across studies in the operationalization of variables, Hausknecht and Trevor (2011) explain that the reason the relationship is not universally supported is the multiplicative effects among a variety of variables.

Given the importance of context in organizational behavior, many authors of turnover research have investigated interaction effects. For example, Trevor and Nyberg (2008) suggest that the effects of downsizing on voluntary turnover—e.g., contracting out often involves downsizing and making government smaller and raises personnel management concerns—are dissipated in the presence of internal management practices, such as promoting job embeddedness.

As such, enhancing job satisfaction as an internal management practice can moderate the relationship between contracting out and employees' voluntary turnover behavior. Porter and Steers (1973) suggest that job satisfaction is a moderating variable in the relation between an organizational situation and voluntary turnover. While many studies point to the significance of job satisfaction as a predictor of turnover, the thorough review of the literature presents that turnover appears to be subject to the various facets of organizational structure and personal factors, and that a multiplicity of work, organization, and demographic factors can be associated with the decision to remain or leave (Porter & Steers, 1973). When employees appear to place varying importance on potential 'rewards' available from their job, the turnover process can be considered as a process of balancing potential or received rewards with desired expectations. If the expectation sets are substantially met, employees would remain with the organization. If not, they would leave.

In line with this notion, this study hypothesizes that the contracting out-voluntary turnover rate relationship is subject to the level of job satisfaction at the organizational level. Though previous research often finds that contracting out directly affects both job satisfaction (e.g., Yang & Kassekert, 2010) and turnover intention, and indirectly influences turnover intention as mediated by job satisfaction (Lee et al., 2021), it is also possible that contracting out affects turnover contingent upon the level of job satisfaction. Understanding the role of job satisfaction as a moderator in the relationship between contracting out and turnover is important as it may offer a solution to reduce the probable negative effects of contracting out, which is often an essential instrument in government operations. The hypothesis is to explore the effects of contracting out by investigating the possible moderating role of job satisfaction in the relationship between contracting out and turnover rate.

> *Hypothesis 2:* The relationship between contracting out and voluntary turnover rate will be moderated by job satisfaction.

Method

Data

Despite several advantages of longitudinal investigations over cross-sectional analyses, empirical tests of the temporal dynamics have been neglected in both contracting out and turnover research. In particular, the turnover literature commonly examined the relationship between turnover rates and antecedents across a one-year period, either concurrently or relying on a time-lagged design. Proper understanding of the temporal priority of antecedents over outcomes is obviously central to making causal inferences (Mitchell & James, 2001). Longitudinal studies can bolster causal inferences, as the stable aspects (e.g., an absenteeism control policy) contributing to turnover can be isolated from dynamic influences, such as changes in leadership and economic fluctuations, which are responsible for sudden turnover changes.

The unit of analysis for this study is the federal agency, including both cabinet departments and independent agencies. The data for this study are drawn from the following sources: Federal Procurement Data System-Next Generation (FPDS-NG), Federal Employee Viewpoint Survey (FEVS), Fedscope, and the Budget of the United States. Those datasets are not perfectly matched. For example, the FPDS provides information on 41 agencies from 2010 to 2017 while the Budget of the United States includes panel data for 60 agencies at the organizational level. However, only 28 agencies are common across the four datasets. After excluding agencies with incomplete information on either dependent or independent variables in each dataset, merging four different data sets generated an unbalanced panel data structure, which consists of 28 agencies and 192 observations between 2010 and 2017.

Dependent Variables

The focus of this study is on each agency's *voluntary turnover rate*. Since voluntary and involuntary turnover differ with respect to their causal explanations for outcomes, combining the two into a measure of total turnover can hinder theoretical discussions and empirical inferences which are specific to either type of voluntary or involuntary turnover. Also, this study analyzes two types of voluntary turnover rates, quit rate and transfer rate, as the dependent variables, since each one has different functions. The employee quit rate represents an employee's voluntary departure from the federal government in search for employment outside the federal government, while employee transfer rate indicates an employee's moving to other agencies within the federal government. Public sector research on turnover has suggested that leaving to seek employment within and outside the federal government are different forms of voluntary turnover and have distinct antecedents (e.g., Lee et al., 2018).

Employee turnover measures are obtained from Fedscope, which provides quarterly statistics including quit rates and transfer rates for each federal agency. Each one is measured by the proportion of federal employees who voluntarily left the federal government for another agency (transfer) or to seek work elsewhere (quit) during a 12-month period after independent and control variables are measured. For example, since the 2010 FEVS was administered between February and March of 2010, employee quit rate for each federal agency is calculated by counting the number of employees who voluntarily left the federal government from April 2010 to March 2011 and divided by the total number of employees in April of 2010.

Independent Variables

The main independent variable of interest is contracting activity by each federal agency. Though contracting out is a common tool in public service provision, and there is a built-in expectation toward the reality of governance among federal employees, employees may consider increases in the level of contracting out as threats to their job security (Nigro &

Kellough, 2006). Contracting activity is measured by the ratio of total dollars spent on contracts with external organizations to the appropriation on discretionary spending. Data for the measure comes from the FPDS-NG (award amounts) and the Budget (appropriation on discretionary spending).

Job satisfaction is measured as the proportion of employees who are satisfied with their job in each federal agency. This research measures job satisfaction as a global measure of job satisfaction using the FEVS survey item, “Considering everything, how satisfied are you with your job?” As a global measure, this variable captures an employee’s overall level of satisfaction with the job. Some studies use multiple survey items to measure job satisfaction, but scholars have listed satisfaction relations are stronger when it is based on a global measure (e.g., Ironson et al., 1989; Tett & Meyer, 1993; Wanous et al., 1997). A multivariate measure, especially, may omit important aspects of overall job satisfaction (Scarpello & Campbell, 1983). The response is recoded to indicate both satisfied and strongly satisfied with his or her job as 1; other responses (including neutral, dissatisfied, and strongly dissatisfied with his or her job) are recoded as 0. The measure is computed from individual respondents by the agency and then aggregated to the agency level.

Control

The key antecedents of turnover rate are grouped into three major categories: human resource management systems and practices; employee attitudes and perceptions; and employee characteristics. These factors include average perception of federal employees on trust in supervisor (FEVS, Q51), cooperation among coworkers (FEVS, Q20), resource sufficiency (FEVS, Q9), knowledge sharing (FEVS, Q26), and pay satisfaction (FEVS, Q70). All these controls are measured at the organizational level. The relevant survey indicators tap into respondents’ perceptions and are measured with a Likert-type response set, anchored at strongly disagree and strongly agree. The responses are recoded to indicate both agree and strongly agree with the questionnaires as 1, while other responses (including neutral, disagree, and strongly disagree with the questionnaires) are recoded as 0. These measures are computed from individual respondents by the agency and then aggregated to the agency level. Therefore, the control variables represent the proportion of employees who stated agreement (agree and strongly agree) with the survey items.

The study also controls for each agency’s demographics obtained from Fedscope, including the number of total employees, proportions of employees who are supervisors and males, and proportion of employees who belong to minority groups. With respect to supervisor status, Bhatti et al. (2009) suggest that public employees have heterogeneous interests towards municipal contracting. The authors found a negative correlation between the number of public employees in general and contracting out, while the number of administrative professionals is positively related to contracting out due to their bureau-shaping interests. In addition, agency independence is controlled: Independent agencies have long been viewed as different from executive-branch agencies. For example, the President lacks authority to fire their leaders for political reasons, such as failure to follow administration policy (Vermeule, 2013). Also, personal dynamics are quite different across agency types, cabinet departments, and independent agencies. Likewise, agency independence may result in differences in the extent of the turnover rate. Finally, this study controls for agency fixed effects as well as year fixed effects. Table 1 presents the descriptive statistics. Table A-1 describes the measures for variables and the data sources.

Model

For this study, ordinary least square models may not be appropriate as the dependent variable is a ratio with a finite range between 0 and 1. An ordinary least square regression model has a poor predictability due to predicted values by the OLS below 0 and beyond 1. In addition, a

Table 1. Descriptive Statistics

Variables	Mean	SD	Min.	Max.
Transfer Rate	0.01	0.01	<0.01	0.04
Quit Rate	0.04	0.02	<0.01	0.14
Contracting Activity	0.28	0.21	0.03	0.97
Job Satisfaction	0.70	0.06	0.56	0.86
Trust in Supervisor	0.71	0.06	0.57	0.91
Coworker Cooperation	0.77	0.05	0.66	0.93
Resource Sufficiency	0.48	0.09	0.26	0.75
Knowledge Sharing	0.77	0.05	0.62	0.93
Satisfaction with Pay	0.64	0.07	0.40	0.83
Total Employees	52,855.05	77,830.63	705	381,457
Agency Type (Cabinet)	0.57	-	0	1
Supervisor/Manager	0.22	0.08	0.07	0.65
Minority	0.36	0.14	0.10	100
Gender (Male)	0.49	0.11	0.15	0.70

Note: N=192.

fractional logit approach developed by Papke and Wooldridge (2008) is not applicable since it requires a balanced panel data structure. Therefore, using generalized estimation equation (GEE) models for panel data with a binomial distribution is more appropriate as GEE models can address the potential issue of a finite range of the dependent variable between 0 and 1. Indeed, it is widely recommended to apply the binomial distribution when the dependent variable is a ratio or proportion or rate given that the distribution is bounded between 0 and 1 (Agresti, 2015; 2019). In order to estimate beta, this study utilizes GEE with the Huber-White Sandwich estimator for robustness. The Huber-White Sandwich estimator is appropriate for the unbalanced data structure of this study and also can fix some possible issues related to working covariance structure misspecification.

The models test the relationship between contracting out and voluntary turnover rate (both quit rate and transfer rate) in U.S. federal agencies, as well as the moderating effect of job satisfaction on the relationship, by including an interaction term between the contracting out measure and job satisfaction measure to determine if job satisfaction moderates the effects of contracting out on turnover rate. In addition, in order to control for the state of the organization in previous years, the models with and without autoregressive terms—the lagged dependent variables—are compared. Including the lagged dependent variables helps account for the influences of unobserved variables associated with the turnover rate on the coefficient estimates of this study (O'Toole & Meier, 1999).

Results and Discussion

Table 2 presents the results of the GEE models examining the relationship between contracting out and turnover rate. The dependent variable in Models 1 and 2 is employee quit rate and the one in Models 3 and 4 is employee transfer rate. Models 1 and 3 are the base models, while Models 2 and 4 are with the autoregressive term (turnover rate t-1). Beta represents the effects of the explanatory variables on the population average. Autoregressive models present similar findings with the base models, though the sizes of magnitude are slightly bigger in the models, which imply long-term effects distributed across time periods. While a direct comparison between the base model and the autoregressive model is difficult, the models display similar findings. Thus, the discussion focuses mainly on the base models in order to ease interpretation.

Table 2. Results of Generalized Estimation Equation Models for Contracting Out and Turnover Rate (Baseline Models)

	Quit Rate		Transfer Rate	
	(1) Base Model	(2) Autoregressive Model	(3) Base Model	(4) Autoregressive Model
Contracting Activity (CA)	0.016*	0.114*	0.089	0.104
	(0.014)	(0.195)	(0.266)	(0.169)
Job Satisfaction (JS)	-1.196*	-3.067***	-1.778	-1.340
	(1.003)	(1.113)	(1.693)	(1.419)
Trust in Supervisor	4.552	1.193	1.188	0.861
	(4.611)	(1.471)	(2.091)	(1.240)
Coworker Cooperation	2.782	1.882	-2.586	-3.593***
	(3.500)	(1.382)	(2.563)	(1.352)
Resource Sufficiency	1.855	0.863	-0.564	-0.177
	1.034)	(0.685)	(0.541)	(0.467)
Knowledge Sharing	-7.791***	-2.128**	0.994	0.568
	(3.037)	(1.568)	(2.209)	(1.164)
Satisfaction with Pay	-5.543***	0.501	-1.607*	-0.256
	(1.626)	(0.825)	(0.923)	(0.622)
Total Employees (Log)	-0.068	0.025	-0.315***	-0.213***
	(0.060)	(0.035)	(0.042)	(0.046)
Agency Type (Cabinet)	0.370	0.116	0.549***	0.397***
	(0.207)	(0.143)	(0.140)	(0.088)
Supervisor/Manager	1.197*	0.873**	0.231	0.032
	(0.596)	(0.390)	(0.445)	(0.267)
Minority	-1.544*	-0.468	0.107	-0.701*
	(0.853)	(0.433)	(0.608)	(0.403)
Gender (Male)	-2.439**	-1.254***	-0.644	-0.462
	(0.971)	(0.389)	(0.705)	(0.501)
Lagged Dependent Variable		20.908***		33.853***
		(1.436)		(6.794)
Constant	1.306	-3.183***	-0.977	-1.527
	(1.805)	(0.779)	(1.399)	(1.040)
Year control	Yes	Yes	Yes	Yes
Agency control	Yes	Yes	Yes	Yes
Observations	192	165	192	165
Groups	28	28	28	28
Wald chi-square	275.99***	4427.39***	1711.81***	2351.69***

Note: Robust standard errors are in parentheses. * p<0.1, ** p<0.05, *** p<0.01

The models partially support the hypothesis arguing a relationship between contracting out and the employee voluntary turnover rate (Hypothesis 1). In Table 2, the results show a statistically significant (p<0.05), positive relationship between contracting activity and employee quit rate while finding no relationship between contracting activity and transfer rate. This suggests that an increase in contracting out is positively associated with the quit rate but may not be associated with the transfer rate. Since GEE models do not present marginal effects of explanatory variables directly, Table 3 provides estimated marginal effects of

Table 3. Marginal Effects of Contracting Out and Job Satisfaction on Turnover Rate (Baseline Models)

	Quit Rate	
	(1) Base Model	(2) Autoregressive Model
Contracting Activity (CA)	0.001*	0.004*
	(0.001)	(0.006)
Job Satisfaction (JS)	-0.040*	-0.101***
	(0.001)	(0.037)

contracting activity and job satisfaction on the outcome variables based on the Table 2 results. The estimated coefficient for contracting activity is 0.016 (marginal impact 0.001, $p<0.05$) in Model 1 and 0.114 (marginal impact 0.004, $p<0.01$) in Model 2, indicating that growth in contracting activity increases the quit rate in federal agencies. Focusing on Model 1, an additional one percentage point increase in contracting activity (measured by the ratio of total dollars spent on contracts to the appropriation on discretionary spending) would lead to an increase of 0.001 percentage points in the quit rate. In other words, as contracting activity increases, federal employees tend to leave their agencies to seek employment outside the federal government (employee quits). This supports previous arguments that managing workplace attitudes and behaviors should become a concern in contracting out (Bowman & West, 2006).

Considering Models 1 and 3, job satisfaction is negatively associated with the quit rate and statistically significant, whereas it is not statistically significant in the transfer rate model. This is not surprising because, while several studies have found negative relationships between job satisfaction and turnover (Harter et al., 2002; Hurley & Estelami, 2007; Ryan et al., 1996; Sellgren et al., 2007), others have reported null findings (Dittrich & Carrell, 1979; Koys, 2001; Riordan et al., 2005). However, it may be due to the data issue with the lack of variation in the transfer rate variable in this study, and a future study with different data would be helpful to disentangle the relationship.

In sum, turnover rate should also be considered in any benefit-cost analysis of contracting out, as high turnover rate is linked to the loss of human and social capital, disruptions in operations and collective function, socialization and training for new employees, and increases in recruitment and selection costs (Bluedorn, 1982; Dess & Shaw, 2001; Mobley, 1982; Osterman, 1987; Price, 1977; Staw, 1980). Therefore, managers and supervisors should be aware of the urgency to reduce anticipated increasing turnover rate when they decide to increase contracting activity as it is a direct antecedent of employee quits.

The study also hypothesizes that job satisfaction would moderate the effect of contracting activity on turnover rate (Hypothesis 2). As shown in Table 4, including an interaction term in each model helps the study determine whether job satisfaction moderates the effect of contracting on turnover rate. The interaction term in each model has a negative and statistically significant coefficient ($p<0.05$), thereby offering evidence that job satisfaction moderates the relationship between contracting activity and turnover rate. Estimated coefficients of -9.955 ($p<0.01$) in Model 5 and -8.783 ($p<0.01$) in Model 7 imply that the impact of contracting activity on turnover rate is contingent on the proportion of employees who are satisfied with their job in organizations.

On the other hand, both Models 5 and 7 show that the job satisfaction variable is not statistically significant when an interaction term of contracting and job satisfaction is added. One possible explanation for this is that the effect of job satisfaction on turnover rate may

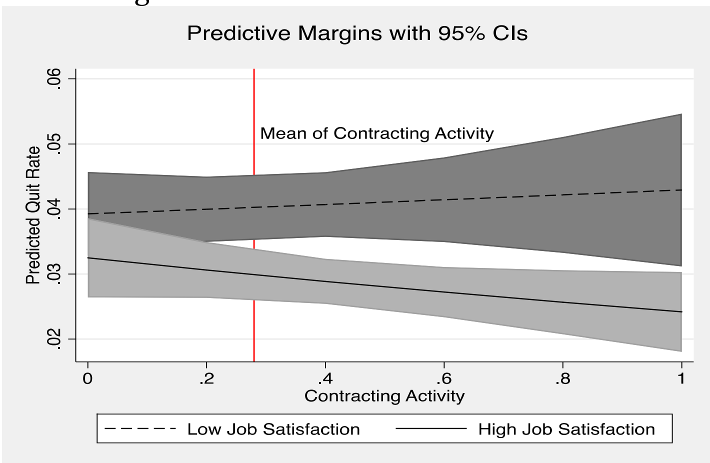
Table 4. Results of Generalized Estimation Equation Models for Contracting Out and Turnover Rate (Moderation Models)

	Quit Rate		Transfer Rate	
	(5) Base Model	(6) Autoregressive Model	(7) Base Model	(8) Autoregressive Model
Contracting Activity (CA)	6.992**	2.443*	6.257***	4.517***
	(2.683)	(1.449)	(1.156)	(1.116)
Job Satisfaction (JS)	4.270	-1.807	4.230	3.220
	(3.183)	(1.381)	(1.561)	(1.442)
CA x JS	-9.955***	-3.664*	-8.783***	-6.611***
	(3.628)	(2.081)	(1.692)	(1.630)
Trust in Supervisor	4.200	1.139	0.956	0.810
	(4.239)	(1.364)	(1.821)	(1.042)
Coworker Cooperation	4.075	2.187*	-1.685	-3.102**
	(3.098)	(1.333)	(2.242)	(1.250)
Resource Sufficiency	1.384	0.696	-0.866**	-0.376
	(1.077)	(0.677)	(0.418)	(0.365)
Knowledge Sharing	-7.638***	-2.024	1.207	-0.876
	(2.936)	(1.466)	(2.009)	(1.021)
Satisfaction with Pay	-5.496***	-0.420	-1.499**	-0.320
	(1.544)	(0.798)	(0.744)	(0.565)
Total Employees (Log)	-0.047	0.029	-0.304***	-0.209***
	(0.058)	(0.035)	(0.039)	(0.042)
Agency Type (Cabinet)	0.313	0.118	0.520***	0.385***
	(0.196)	(0.095)	(0.119)	(0.076)
Supervisor/Manager	1.053*	0.834**	0.078	-0.033
	(0.603)	(0.369)	(0.379)	(0.225)
Minority	-1.291	-0.385	0.291	-0.533
	(0810)	(0.434)	(0.536)	(0.354)
Gender (Male)	-2.303**	-1.204***	-0.511	-0.360
	(0.932)	(0.397)	(0.635)	(0.439)
Lagged Dependent Variable		20.478***		32.280***
		(1.513)		(6.673)
Constant	-1.808	-4.272***	-3.507***	-3.383***
	(1.842)	(1.207)	(1.368)	(0.978)
Year control	Yes	Yes	Yes	Yes
Agency control	Yes	Yes	Yes	Yes
Observations	192	165	192	165
Groups	28	28	28	28
Wald chi-square	346.02***	7146.96***	1109.65***	3418.76***

Note: Robust standard errors are in parentheses. * p<0.1, ** p<0.05, *** p<0.01

dissipate as an external event measure (i.e., contracting out variable) is included in the regression model. As Porter et al. (1974) suggests that the degree of "job satisfaction appears to be largely associated with specific and tangible aspects of the work environment…", the relationship is occasionally sensitive to the inclusion of covariates (p. 608).

Figure 1. Effects of Contracting Activity on Employee Quit Rate at Different Levels of Job Satisfaction in U.S. Federal Agencies



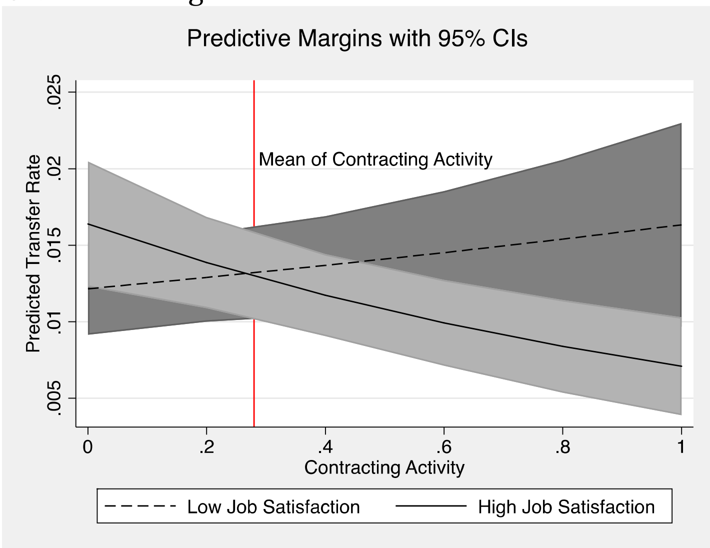
Since the effect of the interaction term is difficult to interpret as the term involves two continuous variables, plots of the slops for the interaction term are presented to demonstrate the relationship (Jaccard et al., 1990). Figures 1 and 2 illustrate the effects of contracting out on turnover rate across different levels of job satisfaction at the organizational level. The lines indicate the estimated marginal effects of contracting activity on the employee quit rate (Figure 1) and transfer rate (Figure 2) at the different levels of job satisfaction—the mean ± the standard deviation—at the organizational level (based on the results from Models 1 and 3). The figures show that the effects of contracting out on the outcomes, quit rate, and transfer rate, are heterogeneous across the levels of job satisfaction. Further, the figures show an inverse relationship between contracting out and turnover given the favorable level of job satisfaction. When more employees are satisfied with their job, contracting activity is negatively associated with quit rate. When less employees are satisfied with their job, on the other hand, contracting activity is positively associated with the outcome.

The findings provide implications that policy makers and public managers should be attentive to remaining employees expressing job dissatisfaction as this leads to employees quitting an agency, contingent upon the levels of contracting activity. On the other hand, by increasing job satisfaction, the use of contracting out practices can lessen quit rate. Regarding transfer rate, however, Figure 2 shows that two statistics have overlapping confidence intervals. It does not necessarily mean that they are not significantly different, but the t-statistic for comparing two means failed to reject the null hypothesis at the α=0.05 level. As the lack of variation in the transfer rate variable (the mean <0.01 and the standard deviation <0.01) might cause this, it would be meaningful to continue investigating the relationship between contracting out and transfer rate with different data.

Considering Models 5 and 7, control variables including knowledge sharing, satisfaction with pay, supervisor status, and gender are statistically significant (p<0.1 to p<0.01), while the relationships with supervisor and coworker, resource sufficiency, and most of the organization characteristics (i.e., organization size, agency type, and minority status) are all insignificant for the quit rate model. In the transfer rate model, the variables of resource sufficiency and satisfaction with pay, agency type, and organization size are statistically significant (p<0.05 to p<0.01), but others are not. This presents that two types of turnover rate—quitting or transferring—have difference antecedents as previous literature has suggested (Lee et al., 2018; Pitts et al., 2011; Whitford & Lee, 2011).

Additional models were tested as a robustness check. First, this study conducted regression models with alternative measures of job satisfaction and other control variables from FEVS,

Figure 2. Effects of Contracting Activity on Employee Transfer Rate at Different Levels of Job Satisfaction in U.S. Federal Agencies



including less stringent measures that consider even a neutral response (neither satisfied nor dissatisfied) as a positive response. Second, regression models with standardized explanatory variables were conducted. Additional models using an aggregated arithmetic average in measuring both dependent and independent variables were also tested. The results present similar levels-of-fit statistics and statistical significance of the independent variables with the same direction.

Conclusion

Diefenbach (2009) discusses that NPM-oriented reforms lead to a deterioration of the organizational culture, traditional work ethos, and values in many workplaces, and thus, the majority of public employees suffer because of greater workload and stress, declining motivation and work satisfaction, and tighter regimes of management. As such, contracting out may involve indirect costs and tradeoffs, including the effects on the workforce. However, very few studies investigated how contracting out affects the actual turnover rate, while extensive studies have shed light on how contracting out may influence government performance (Hodge, 2000; Lee et al., 2019).

This study provides empirical evidence of the impact of contracting activity on turnover rate and a moderating effect of job satisfaction on the relationship between contracting out and turnover rate. Growth in contracting activity increases the indirect costs of federal agencies in terms of higher turnover rate. However, job satisfaction moderates the relation between contracting out and turnover rate. Specifically, contracting out was found to have a positive association with turnover rate when less employees are satisfied with their job and a negative association to turnover rate when more employees are satisfied with their jobs.

This research is also critical because of its subsequent potential to reduce the negative effects of contracting out in relation to turnover. The heterogeneous effects of contracting out on turnover rate across different levels of job satisfaction at the organizational level suggests that contracting out is not necessarily harmful in terms of voluntary turnover in organizations where more employees are satisfied with their job. Therefore, policy makers and managers should be aware of the potential stress and dissatisfaction contracting out brings to employees and design appropriate policies to combat such threats, as personnel stability facilitates organizational performance and managerial quality (O'Toole & Meier, 2003).

There are successful implementation stories out there. The key is to understand what conditions can fulfill their design principle, closely monitor employee reactions, and implement those practices in a gradual change process. This is consistent with previous research arguing that combinations of certain internal management practices can enhance workforce skills, motivation and empowerment, and therefore, lead to higher retention (Wright & Boswell, 2002). When considering contracting out, for example, decision makers can try to increase job satisfaction to eliminate the negative consequences of contracting out in terms of turnover or to increase remaining employee retention rates.

This study also contributes to the literature of turnover. Though there is a rich history of turnover research focusing on some industries (e.g., health care, education, and restaurants), research should extend into other domains, including the public sector. The findings of this study have implications for public sector organizations and the people working there. As demonstrated in this study, there is at least one reason to study public sector turnover under the concept of the NPM: Employees in public organizations are expected to develop 'business-like' attitudes, while employees' tasks, attitudes, and performance appraisals are differently defined and controlled. Also, it bolsters previous research in turnover by developing longitudinal data in order to determine how downsizing or organizational change affects organizational behavior over time given that the cross-sectional nature of the data poses concerns about causality.

Despite the contributions, the limitations of this study should be noted for future study. This study does not use sub-agency level data. The current data prevent research from fully assessing the influence of contracting out on turnover rate. In order to control for aggregation bias, future research would be meaningful to gather data for sub-agencies and test the hypotheses. Moreover, the aggregated data structure of this study subsumes individuals' information into organizational values, and thus, the findings from the organizational level analyses call for care to avoid making inferences about individual employees' behavior.

Another limitation to this study should also be noted that while the analyses focus on voluntary turnover, federal managers and supervisors may use the strategies to encourage potential subjects of involuntary turnovers to do voluntary turnovers because of the due process entailing formal grievance and internal administrative processes in federal civil service employment, which leads to the situation that completion of the involuntary turnover process may take a few months or even a year (Lee, 2018; Truss, 2013). Though the administrative and legal challenges anticipated in the involuntary turnover process are quite plausible, the measure of voluntary turnover rate in the current data is limited from addressing this potential concern.

In this study, all possible moderating effects between the major independent variables were not tested because the major research question of this study was the effect of contracting out on voluntary turnover rate. Future studies may expand the range of variables used in this study to explore the potential mediating and moderating effects among different contracting out practices to reveal the complex, nuanced relationships. For example, this study supports linking contracting out and turnover rate, but it does not answer whether the relationship is caused by an increased sense of job insecurity due to layoff threats (Nigro & Kellough, 2006), added accountability confusion coupled with a sense of lack of control (Agranoff, 2006), or reduced person-organization fit because of the diminished public service ethos (Terry, 2006).

As discussed, the study of moderators identifies boundary conditions for the relationships between turnover and its antecedents. This work should continue, as there is much to learn about why certain organizations barely develop undesirable experience in the face of increasing contracting activity, while in others, the consequences are more destabilizing.

Disclosure Statement

The author declares that there are no conflicts of interest that relate to the research, authorship, or publication of this article.

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Appendix

Table A-1. Measures for Dependent and Control Variables

Variables	Measure	Source
Transfer Rate	The proportion of federal employees who voluntarily left the federal government to another agency	Fedscope
Quit Rate	The proportion of federal employees who voluntarily left the federal government to seek work elsewhere	Fedscope
Contracting Activity	The ratio of total dollars spent on contracts with external organizations to the appropriation on discretionary spending	FPDS; The Budget
Job satisfaction	Considering everything, how satisfied are you with your job?	FEVS, Q69
Knowledge sharing	Employees in my work unit share job knowledge with each other	FEVS, Q26
Pay Satisfaction	Considering everything, how satisfied are you with your pay?	FEVS, Q70
Trust in Supervisor	I have trust and confidence in my supervisor	FEVS, Q51
Cooperation among Coworkers	The people I work with cooperate to get the job done	FEVS, Q20
Resource Sufficiency	I have sufficient resources (for example, people, materials, budget) to get my job done	FEVS, Q9
Supervisory Status	Proportion of supervisors	Fedscope
Gender	Proportion of male employees	Fedscope
Minority	Proportion of non-white employees	Fedscope
Total employees	Logarithmically transformed total employees in each agency	Fedscope

Note: Ordinal survey items obtained from 2010 to 2017 FEVS were converted to proportions.

Research Article

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Characteristics and Organizational Capacity of Nonprofits in Rural, Persistently Poor Southern Counties in the United States

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The present study focuses on organizational capacity of nonprofits located in rural, persistently poor counties in the South region of the United States, an area of the country that encapsulates the majority of rural poverty. IRS Form 990 data were utilized for recruitment and to obtain demographic characteristics for nonprofits in the area of interest (N=3,530). Emailed and mailed surveys to all qualifying organizations sought to measure organizational capacity. Data from 292 nonprofits were examined in a descriptive analysis. Overall, the participating rural nonprofits scored moderate to high in most dimensions of organizational capacity. Financial management, strategic planning, collaboration, and program planning were strengths in organizational capacity. Evaluation, succession planning, fundraising planning, human resources, and volunteer management were challenges. Study findings provide guidance to capacity builders and funders to guide future training, investments, and policy related to rural nonprofits and communities they serve.

Keywords: Organizational Capacity, Rural Nonprofit, Rural Poverty

The bulk of rural poverty in the United States is concentrated in the Southern region, which includes Alabama, Arkansas, Georgia, Florida, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia (U.S. Census Bureau, n.d.; U.S. Department of Agriculture (USDA)/Economic Research Service (ERS), 2019a). Markedly, of persistently poor counties in the U.S., which are defined as those "…that have had poverty rates of 20% or more for the past 30 years, as measured by the 1980, 1990, and 2000 decennial censuses" (Dalaker, 2021, p. 1), about 71% are in the non-metro/rural South (USDA/ERS, 2019a). Partners for Rural Transformation (2019) indicate that most residents in persistently poor counties are people of color, and they are experiencing hardships as a result of poverty including health disparities, lack of decent and affordable housing, and unsafe water supply. Nonprofits in these areas play an important role to ensure residents have what they need to survive and improve quality of life.

Recent evidence suggests rural nonprofits may be struggling with certain areas of organizational capacity, which hinder their ability to serve communities (Walters, 2020). Organizational capacity is any element necessary to meet strategic goals, including human resources, technology, and funding (Light, 2004). The required organizational capacity differs

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among organizations and depends on mission and contextual factors like geography (Andersson et al., 2016; Walters, 2020; 2021). As minimal empirical evidence exists (Walters, 2020), the present study seeks to expand knowledge about rural nonprofits and their organizational capacity while raising awareness of an extremely vulnerable region—the rural, persistently poor South.

Background

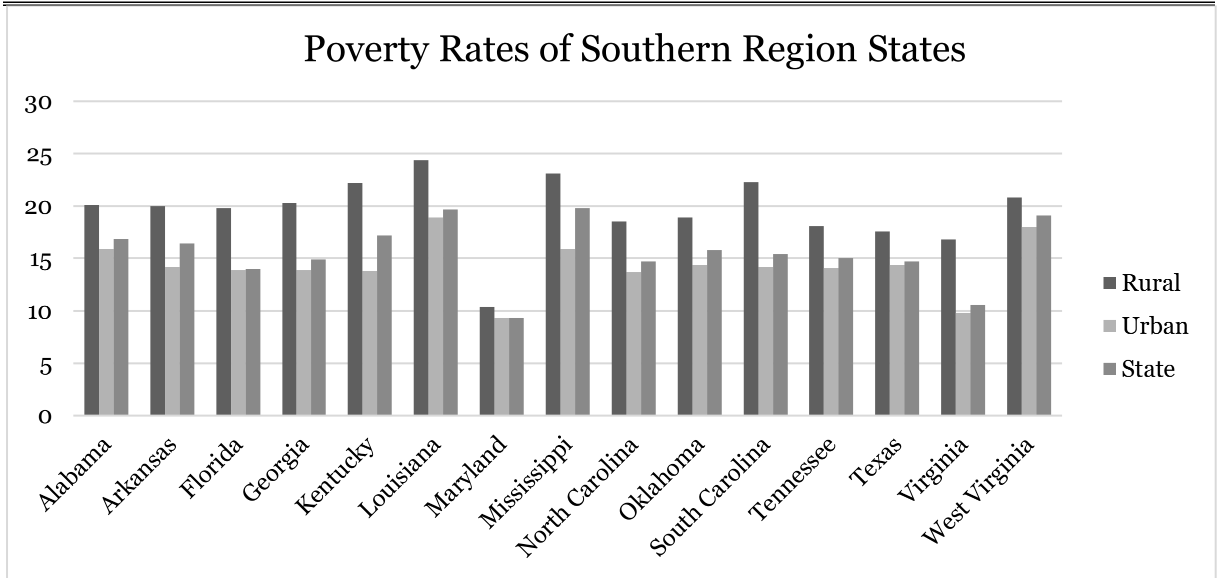
The Rural South

For the past 60 years, rural poverty rates have outpaced those of urban areas in the U.S. (Weber & Miller, 2017). The amount of impoverished rural individuals residing in high-poverty counties nearly tripled from 17% in 1999 to 45% in 2013 (Weber & Miller, 2017). Rural counties have yet to match employment levels that existed prior to the 2008 recession (Ajilore & Willingham, 2019), and even during periods where poverty rates in the South improved, they continued to be higher than the overall poverty rates in the U.S (Southeastern Council of Foundations, 2017). As such, the South is currently home to 252 counties that are considered persistently poor and nonmetro—the largest concentration of persistently poor counties in the nation (USDA/ERS, 2019a). Figure 1 illustrates the poverty levels for Southern region states by rural, urban, and entire state (USDA/ERS, 2019b).

While rural America remains mostly Caucasian, more diversity exists in the rural South due to its history of slavery and Jim Crow segregation laws; About 90% of all rural or small-town Black residents live in the South, and about 25% of all rural or small-town Latinos reside in Texas (Housing Assistance Council, 2012; Southeastern Council of Foundations, 2017). Broken promises of land and support following the Civil War meant that many formerly enslaved individuals were forced into sharecropping to have income (Wolff, 2021). During the Great Depression, many people living in extreme poverty were formerly enslaved individuals and sharecroppers living in the rural South, and few resources were allocated to increase the vitality of these regions (Glasmeier, 2002). This disenfranchisement for Black residents continued with legal segregation of schools and public goods through Jim Crow laws (Wolff, 2021). Structural racism continues to impact Black Americans' economic mobility in the rural South, with mass incarceration increasing due to pre-trial detention, less equitable access to health care, and continued disparities in education (Ajilore, 2019; Jimenez et al., 2018; Taylor et al., 2019; Tran, 2018; Vera Institute for Justice, 2017). The lasting effects of these laws and barriers inhibit economic mobility, with poverty in the South persevering at higher rates than other rural areas (Ajilore & Willingham, 2019).

The South is experiencing a gamut of challenges related to quality of life associated with poverty. An increased number of minorities who are poor reside in rural areas in the South, and they have less access to adequate and affordable housing (Housing Assistance Council, 2012). The rural South also has the lowest levels of educational attainment (USDA/ERS, 2017a), including fewest college graduates (Singh et al., 2017). Additionally, the largest percentage of food insecure counties can be found in the South (89%), with most counties being rural (Hester, 2017). Living in rural, persistently poor counties is linked with obesity—a relationship impacted by race, age, and access to healthy foods (Bennett et al., 2011)—and bears negative effects on mental health (Ralston et al., 2019). Singh et al. (2017) note a host of physical health challenges for Southern residents including increased risks of all-cancer mortality, diabetes mortality, and homicide. Additional hardships related to rural living include increased rates of unemployed and uninsured individuals, fewer healthcare providers,

Figure 1. Poverty Rates of Southern Region States



Note: This figure illustrates poverty levels by percentages for Southern region states by rural, urban, and entire state (USDA/ERS, 2019b). To compare, the average U.S. poverty rates are 16.4% for rural, 12.9% for urban, and 13.9% overall (USDA/ERS, 2019b).

transportation difficulties, and reduced access to high-speed internet (National Rural Health Association, n.d.).

Operating a Rural Nonprofit

Organizational capacity can be hard to define because the needs of every organization differ (Andersson et al., 2016). Light (2004) suggests that organizational capacity includes everything an organization uses to achieve its mission and goals—from furniture to programs to people. Organizational capacity impacts the ability of an agency to meet the current needs of the community as well as to adapt and change as the community needs change (De Vita & Fleming, 2001; Despard, 2016a). Measuring organizational capacity is challenging due to its multidimensionality, and capacity builders and researchers struggle to agree on the best ways to examine the construct as explored in Walters et al. (2021). Andersson et al. (2016) note that the most common organizational capacity areas include "organizational mission and vision; strategy and planning; program design and evaluation; human resources; board and management leadership; information and technology; financial systems and management; fund development; and marketing and communications" (p. 2865). These capacity areas align with parts of the nonprofit as described by De Vita & Fleming (2001): vision and mission; leadership; resources; outreach; and products and services. Further, when one part of an organization feels tension, it can impact all parts of the agency, therefore impacting the organization's overall ability to meet the needs of their stakeholders (Despard, 2016a).

Nonprofits in rural areas of the U.S. address what seem like insurmountable problems, especially in the South where persistent poverty is high. Neuhoff & Dunckelman (2011) estimate that the number of urban nonprofits is triple that of rural nonprofits, and due to this deficit, rural nonprofits are often offering a myriad of services to fill gaps in community needs—regardless of their defined missions—to ensure rural residents have a decent quality of life (Scales et al., 2013; Sobeck, 2008). Because rural nonprofits provide many differing services ranging from childcare to substance use and mental health issues (Scales et al., 2013), they are seen by community members as trusted institutions, and therefore, individuals with specific and complex needs are more likely to reach out to them for help as opposed to large and unfamiliar public agencies (Sherman & Stanakis, 2002). While not directly addressing poverty through their missions, nonprofits, such as those in the arts realm, bring commerce and vibrancy into rural communities, providing jobs and tourism, both of which encourage growth and sustainment in these areas (e.g., Wiltz, 2016). Distressed counties have fewer nonprofits (Grønbjerg & Paarlberg, 2001), and fewer organizations means rural nonprofits likely service larger geographic areas than their urban and suburban peers, resulting in increased expenses to deliver equivalent care (Fanburg, 2011).

Though their contributions are essential, rural nonprofits confront operational struggles, particularly related to finances (Lin & Wang, 2015). Organizations in rural areas receive only six percent of federal awards (Arneal, 2015) and seven percent of donor dollars (Campbell University, 2018). More pinpointed to persistently poor areas like Appalachia, the Mississippi Delta, and Rio Grande, grants per person equated to $50 compared to the national mean of $451 (Partners for Rural Transformation, 2019). Financial stresses of generating enough funds through grants and donor development negatively affect rural nonprofits' organizational capacity and their ability to carry out missions (Walters, 2020). A recent scoping review on organizational capacity of rural nonprofits found strengths of innovation and problem solving, collaboration, dedicated employees, and quality programming. While these strengths can help in guiding and maintaining rural nonprofits, major areas for improvement included fundraising, staffing, and planning (Walters, 2020). Of the 15 articles included in the scoping review, 14 studies noted that insufficient funding impacted the organizations' missions, strategic planning, and program design, all of which impact the ability to provide services to the community (Walters, 2020).

Few studies specifically focus on organizational capacity of rural nonprofits in the South. One study about a water-monitoring program in rural Alabama discussed factors that impeded success including few volunteers, minimal people with means to donate, and lack of knowledge about mission and necessity of services (Deutsch et al., 2009). In another investigation about nonprofits in the rural Mississippi Delta area, findings indicated that "collaborative, interdisciplinary programs that work across sectors can better leverage resources, impacting greater change" (Kerstetter et al., 2014, p. 267). Browne et al. (2016) examined organizations providing substance abuse treatment in the rural South and identified several capacity issues such as inadequate funds to implement evidence-based treatment, limited partners, insufficient collaborative processes to enable coordinated care, outdated technology, minimal transportation options, and stigma attached to seeking treatment in rural communities.

Another study from the Mississippi Delta region found that nonprofits relied upon government grants and contracts to provide services and were doubtful of donors' willingness to give to nonprofits other than universities and churches (Besel et al., 2011). Edwards et al. (2014) acknowledged struggles with gaining and maintaining human capital to support programming in the rural South. In an evaluation of domestic violence and child victimization programming in rural nonprofits, organizations prior to receiving federal funding were strong in capacity areas related to mission and vision, volunteer management, and acquisition of in-kind donations but struggled with evaluation, long-range sustainability planning, budgeting, policy development, and professional development of staff and volunteers (Klein et al., 2009). Additionally, rural nonprofits were faced with conflict-of-interest issues (mainly with funding) as staff and board members were serving multiple organizations (Klein et al., 2009).

Minzner et al. (2014) evaluated the Compassion Capital Fund Demonstration Program—one of the nation's largest capacity building initiatives. This program funded nonprofits specifically for organizational, program, revenue, and leadership development, as well as community engagement. When funding for capacity building was received, all nonprofits improved significantly in each of the examined capacity domains (Minzner et al., 2014); however, this may not always be available to rural nonprofits as they are overall less likely to receive additional funding when compared to their urban counterparts (Arneal, 2015; Campbell University, 2018). With rural nonprofits less likely to receive these funds, often they rely on collaboration to produce greater change in their community (Walker, 2017). Rural nonprofits are creative in their ability to collaborate, advocate, and promote public good (Salamon, 2014; Walters, 2021), and more information is needed on how these strengths can translate into capacity building.

Purpose of the Present Study

This study's overall goal is to develop a better understanding of nonprofits that serve one of the most impoverished areas of the U.S.—rural, persistently poor counties of the South. The first study objective is to describe characteristics of 501(c)3 nonprofits in the area of interest. This can inform the dialogue about programs offered, as well as potential service gaps, in communities with high poverty and the innumerable issues that accompany it. The second study objective is to establish a baseline knowledge of organizational capacity in nonprofits located in rural, persistently poor counties. As few empirical studies exist on rural nonprofits, data from this objective lay the groundwork by identifying organizational strengths and weaknesses. In practice, this study can provide contextual guidance, which is currently nonexistent, for capacity builders and management support organizations in their efforts to educate staff and volunteers in rural nonprofits on best practices in increasing capacity and means to meet their missions. Additionally, this initial investigation delivers insight to funders—both private and public—about organizational capacity elements that need their attention in rural nonprofits.

Many organizational capacity challenges in rural nonprofits have been traced back to financial health (Walters, 2020), while financial investments from private and public sources lag considerably in rural areas, especially in persistently poor counties (Arneal, 2015; Campbell University, 2018; Center on Philanthropy, 2010; Clyburn, 2014; Kneebone, 2016). Lack of organizational capacity could be one reason for minimal investments in rural nonprofits. At the federal level, some policymakers hold the belief that *even if* more grant opportunities were made available in rural, persistently poor counties, the nonprofits in these regions may not have organizational capacity to apply, be competitive, and manage funds (Clyburn, 2014; Kneebone, 2016). Empirical evidence identifying rural nonprofits' strengths and challenges related to organizational capacity can educate policymakers and funders to ensure well-informed appropriation decisions are made. Finally, studying rural organizations advances research for the rural U.S., which is studied to a lesser extent than urban areas (Thomas et al., 2011).

Methods

This study was approved in April 2019 by the Institutional Review Board of the University of Tennessee, Knoxville with data collection occurring in May and June 2019.

Participants

This study's population of interest is registered, 501(c)3 nonprofit organizations located in rural, persistently poor counties in the Southern region of the U.S.

Nonprofits. Nonprofits coded by the Internal Revenue Service (IRS) as 501(c)(3) organizations were targeted (IRS, 2017). The National Taxonomy of Exempt Entities (NTEE) categorizes 26 major groups of nonprofits that fall under 10 broader categories (list available here; National Center for Charitable Statistics, n.d.). The only organizations excluded from this study were revoked, defunct/merged, and in the unknown category.

Persistent Poverty. The Economic Research Service (ERS) tracks persistent poverty at the county level—characterized as counties with 20% or more poverty over the past four census cycles. Of the 353 counties considered persistently poor in the U.S., 301 are nonmetro, and about 84% of those are in the Southern region (USDA/ERS, 2019a).

Southern Region. Per the U.S. Census Bureau (n.d.), the Southern region consists of 15 states plus District of Columbia: Alabama, Arkansas, Georgia, Florida, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia. Maryland and District of Columbia were not included in this study as they do not have persistently poor, rural counties.

Rural. This study uses the ERS definition of 'nonmetro' counties as rural: "Nonmetro counties are outside the boundaries of metro areas and have no cities with 50,000 residents or more" (USDA/ERS, 2017b).

Sampling Procedures

To identify nonprofits, a custom dataset with IRS Form 990 data was purchased from GuideStar by Candid (2019). Of the participants of interest, data were extracted for 3,530 501(c)3 nonprofits in persistently poor, rural counties in the Southern region. Because the population is identifiable, total population sampling strategy was employed.

Data Collection

First, to identify characteristics, data for all 3,530 nonprofits were collected from 2016 990 tax forms via the GuideStar by Candid (2019) dataset. To ascertain levels of organizational capacity, a QuestionPro survey was emailed to senior-level decision makers of nonprofits (e.g., executive director or board president) who had discoverable email addresses (1,493 out of 3,530). Follow-up emails were sent at two and four weeks after the initial invitation. In the fifth week, organizations who did not respond to email invitations or did not have discoverable emails (3,311 nonprofits) received mailed surveys. Approximately 292 organizations completed all demographics and at least one area of the organizational capacity measurement, equating to a less than 8% response rate.

Incentives. An East Tennessee nonprofit capacity builder, Alliance for Better Nonprofits (ABN) provided complimentary online trainings (valued at $25 to $75) related to organizational capacity (e.g., fundraising, strategic planning, board member recruitment) as an incentive at the conclusion of their participation. Incentives were not contingent on full completion.

Measurement

The full survey was 77 questions. On average, respondents completed the survey in nine minutes. The survey was not anonymous so that responses could be matched with 990s.

Age. Date of legal formation from the 990 was used to calculate organization age, rounded to the nearest year.

NTEE Major Category. 501(c)3 nonprofits in 9 broad categories in 25 major groups were included (NCCS, n.d.).

Number of Executive Directors in the Past Decade. This variable solicited an exact number of people employed as executive director in the past decade.

Tenure of Current Executive Director. This self-report variable relates to the number of years the current executive director has been in their position.

Total Organization Expenses. Total expenses from 990s includes grants paid, benefits paid to members, employee salaries and benefits, fundraising expenses, and other expenses.

Total Organization Revenue. The total revenue variable is collected from 990s and includes all types of organizational revenue.

Total Organization Assets at End of Year. The total organization assets at end of year can be found in the balance sheet section of 990s.

Total Contributions, Grants, and Gifts. Also from 990s, the total contributions, grants, and grants variable includes these streams of revenue for one year.

Organizational Life Stage. Organizational life stage refers to the idea that organizations are like organisms, and through natural development process, organizations enter, go through, and reenter stages of existence (e.g., birth, death; Andersson et al., 2016). The following life stage framework from Andersson et al. (2016) was utilized for this study: start-up; growth; maturity; decline; and turnaround. Respondents were provided with a definition of each stage and asked to choose which stage reflects their organization.

Organizational Capacity. For the present study, a measurement tool was sought that most aligned with 1) the primary goal of the study (building awareness for and identifying gaps in organizational capacity in nonprofits in persistently poor, rural southern counties); 2) all parts of a nonprofit as outlined by De Vita & Fleming (2001); and 3) the most common organizational capacity areas as suggested by Andersson et al. (2016). More than 100 organizational capacity assessments were examined. In sum, most of the existing assessments were not conducive to the present study because they took too long to complete, required multiple people to respond, or did not align with the chosen goals or frameworks for this investigation.

Knoxville Leadership Foundation (KLF) and ABN granted permission to utilize their measurement tool that assesses organizational capacity and closely aligns with the selected frameworks described above for the present study (2017). The main focus of the assessment is structural capacity, which is meant to assess if nonprofits have basic components of organizational capacity (e.g., All of these tasks have been accomplished for our mission:

developed, written, and posted.). Also, an additional area of capacity, technology, based on Fink & Engel (2006) was added. The final survey included 61 dichotomous (i.e., yes/no) items in 11 areas of organizational capacity outlined below in Table 1. The 11 areas (or subscales) are designed to be considered independently; and thus, no total score should be calculated. A reliability analysis for each capacity area (subscale) was conducted, shown in Table 1.

Considering the variability of the reliability in the subscales of the present organizational capacity assessment (from poor to good), Walters et al. (2021) examines the complexity of measurement issues with organizational capacity and conducts an exploratory factor analysis (EFA) on the present assessment using these same data. The EFA reduced the organizational capacity area subscales to four with 36 items. These new subscales were named Organizational Identity (α=0.83); Fund Development (α=0.69); Volunteers (α=0.82); and Organizational Procedures (α=0.91; Walters et al., 2021). The EFA strengthened the assessment for the present sample, though more testing is needed with larger samples of rural nonprofits and perhaps, non-rural nonprofits. In the current study, the investigators maintained the assessment in its original state for two reasons: 1) The study is descriptive in nature and stakeholders (e.g., capacity builders, funders) may benefit from the foundational information provided about rural nonprofits in persistently poor, rural counties in the South; and 2) Other researchers, capacity builders, and funders may be interested in using the assessment in their own work with other types of nonprofits (rural or not).

Data Analysis

To understand the makeup of the nonprofit landscape in rural, persistently poor counties in the South, as well as generate levels of organizational capacity of survey respondents, descriptive statistics were generated using SPSS (25.0). To assess for differences between participants and nonparticipants, age and total expenses were examined using a Mann-Whitney U test in SPSS as residuals had non-normal distributions.

Findings

Characteristics of All Nonprofits in Rural, Persistently Poor Counties in the Southern U.S.

In 2016, 3,530 nonprofits were registered in rural, persistently poor counties in the southern U.S. Figure 2 provides a geographical depiction of counties and number of nonprofits registered in each county. Considering the dispersal of nonprofits, most counties in the South have 0 to 9 registered nonprofits.

Table 2 provides a descriptive look into these organizations. Mississippi (19.4%), Kentucky (13.1%), and Georgia (11.2%) have the most nonprofits, respectively. The average nonprofit was 19.42 years old (range: 0–85; *SD*=15.45, median=16). For total organization expenses, the average was \$1,978,706.09 (range: \$0–\$275,262,652; *SD*=\$11,261,452.79). However, closer examination reveals that less than a quarter of organizations have budgets higher than \$500,000, more than 75% have budgets less than \$500,00, 46% have budgets less than \$100,000, and almost 29% have less than \$50,000. In a similar dissection of revenue, the mean revenue for 2016 was \$2,076,925.92 (range: -\$5,316,242.00–\$294,847,001.00; *SD*=\$12,138,572.43). However, 76% of nonprofits had revenue below \$500,000, 45% below\$100,000, and about 27% were below \$50,000. Exploring end of year assets, nonprofits had an average of \$3,578,734.66 (range: -\$47,690.00–\$558,783,896.00; *SD*=23,609,972.72).

Table 1. Alliance for Better Nonprofits/Knoxville Leadership Foundation Organizational Capacity Assessment, Structural Elements—Area Definitions & Reliability

Organizational Capacity Area Definition	Cronbach's Alpha
Board Leadership—recruitment, involvement, and evaluation of board members	α = 0.49
Executive Management Leadership—backgrounds and processes of the leadership team (paid or unpaid)	α = 0.52
External Relations, Communications, & Marketing Strategy—connections with stakeholders	α = 0.57
Financial Systems & Management—systematic financial procedures in place	α =0.57
Fund Development—fundraising activities including planning, giving, grants, and special events	α = 0.65
Human Resources—employee recruitment, management, and evaluation	α = 0.83
Legal/Compliance—adherence to nonprofit laws as well as risk management issues	α = 0.53
Program Design & Evaluation—processes utilized to design and evaluate programming	α = 0.76
Strategy & Planning—engaging in strategic planning and the presence of mission, vision, and values	α = 0.78
Technology—access to technology, such as software, hardware, and internet, as well as uses of technology	α = 0.74
Volunteers—processes of volunteer recruitment, management, and retention	α = 0.81

Note: This table shows the definitions and Cronbach's alpha for each of the 11 organizational capacity areas (subscales) in the Alliance for Better Nonprofits/Knoxville Leadership Foundation Organizational Capacity Assessment, Structural Elements portion.

Further breakdown showed that most organizations (66.1%) had less than $500,000 in assets. Alluding to fundraising results, rural nonprofits in the South generated on average $641,595.20 (range: $0–$237,838,741.00; *SD*=$5,056,944.65) in contributions, gifts, and grants. Nearly half, however, raised less than $50,000.

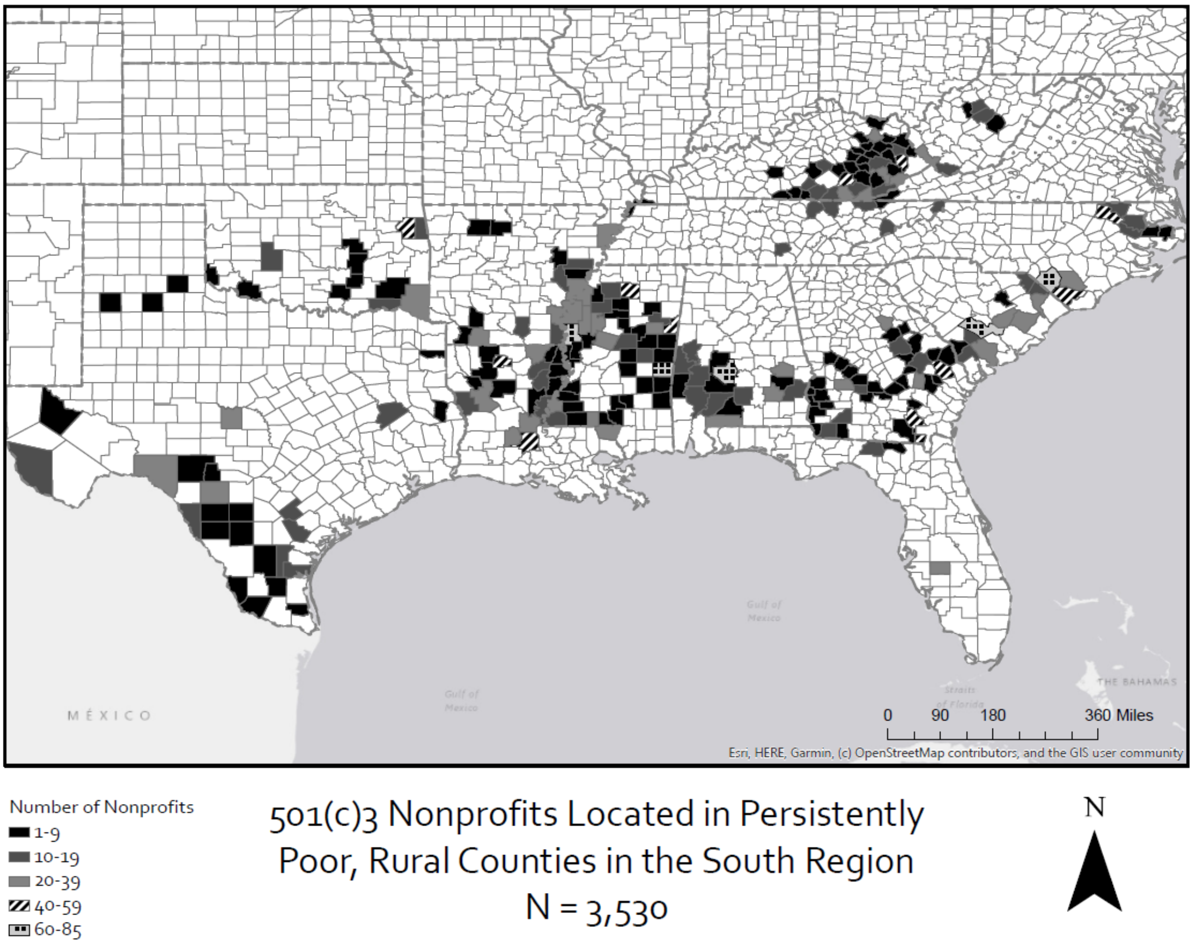
The largest NTEE major categories are human services (39.3%), education (15.4%), and health (13.3%). As many challenges faced in the South are socially-oriented, a dissection of major NTEE groups in the human services category was conducted: Crime and Legal-Related (I)–1.6%; Employment (J)–0.9%; Food & Nutrition (K)–1.8%; Housing and Shelter (L)–6.8%; Public Safety, Disaster Preparedness and Relief (M)–4.8%; Recreation and Sports (N)–4.7%; Youth Development (O)–3.6%; and Other Human Services (P)–15.0%.

Organizational Capacity of Participating Nonprofits in Rural, Persistently Poor Counties in the Southern U.S.

Descriptive Statistics of Respondents

The second objective sought to examine organizational capacity of rural nonprofits in persistently poor counties in the South. Participants completing the survey included executive directors (79.8%); board presidents (11.0%); and other (e.g., program director; 9.2%). Table 2 also displays demographic statistics of 292 organizations that completed all demographics and at least one area of the organizational capacity measurement. Each of the 14 Southern states

Figure 2. 501(c)3 Nonprofits in Area of Interest



Note: This figure provides a geographical depiction of persistently poor, rural counties in the South region and the corresponding number of nonprofits registered in each county.

with persistently poor counties were represented in the sample; Mississippi, Kentucky, and Georgia had the highest number of respondents, respectively. Of the 292 counties, there were nonprofits from 156 counties that participated, as shown in Figure 3.

The average responding nonprofit was a human services organization, approximately 21 years old (range: 0–74 years; *SD*=15.27), and in the maturity life stage. Participating organizations had about three executive directors in the past decade (range: 1–11; *SD*=1.56), and the current executive director had nearly an 11-year tenure (range: 1–48; *SD*=8.62). The average total expenses per organization was $1,638,031.52 (range: $0–$108,515,204; *SD*=$8,157,162.33).

Further examining expenses, most nonprofits (73%) had less than $500,000. For revenue, the average participant brought in $1,778,939.80 (range: -$940.00–$121,481,172.00; *SD*=$8,986,078.09), though the majority (73%) had revenue below $500,000. Regarding assets at the end of 2016, participating nonprofits on average had $3,380,681.80 (range: -$9,933.00–$224,372,140.00; *SD*=$18,889,235.74) with most (60%) having under $500,000.

Finally, with considering contributions, gifts, and grants, the average participating organization $549,177.38 (range: $0–$13,894,858.00; *SD*=$1,491,620.70) with more than 50 percent raising less than $100,000.

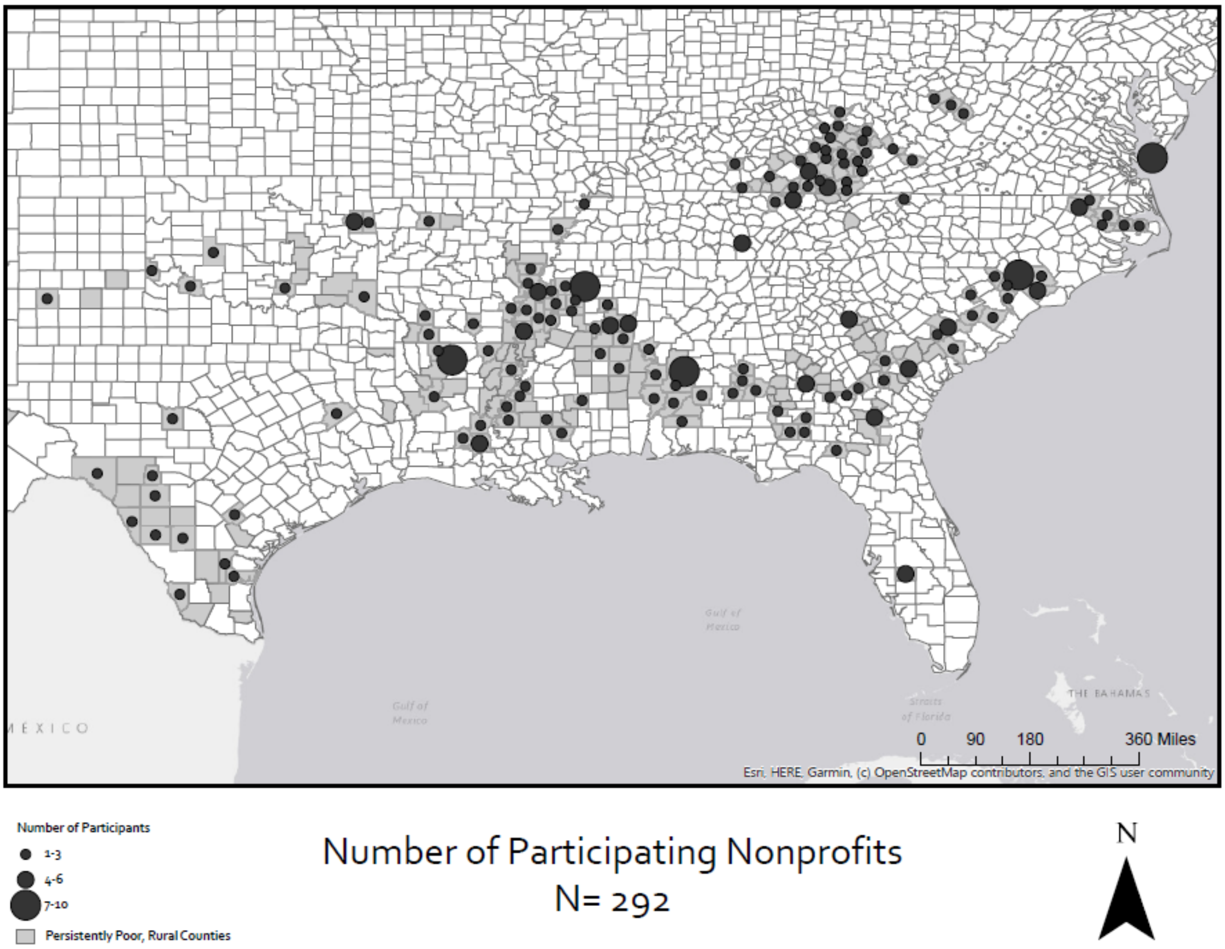
Table 2. Descriptive Characteristics of All Nonprofits in Persistently Poor, Rural Southern Counties & Study Participants

Organizational Variable	All Nonprofits (N=3,530) % or Mean (SD)	Participants (n=292) % or Mean (SD)
Age, years[1]	19.42 (15.45)	21.15 (15.27)
NTEE Major Category[1,2,3]		
Arts & Culture (A)	7.7	11.0
Education (B)	15.4	13.7
Environment & Animals (C, D)	4.2	7.9
Health (E, F, G, H)	13.3	11.0
Human Services (I, J, K, L, M, N, O, P)	39.3	36.7
International & Foreign Affairs (Q)	0.5	0.3
Public Society Benefit (R, S, T, U, V, W)	11.4	12.2
Religion (X)	7.9	6.8
Mutual Benefit/Membership (Y)	0.2	0.3
Unknown/Unclassified (Z)	0.1	
State		
Alabama	7.8	8.2
Arkansas	4.8	4.1
Florida	1.4	2.4
Georgia	11.2	10.6
Kentucky	13.1	14.4
Louisiana	9.3	8.9
Mississippi	19.4	16.8
North Carolina	7.6	8.9
Oklahoma	4.5	4.8
South Carolina	7.1	5.8
Tennessee	2.7	4.1
Texas	7.8	6.5
Virginia	1.2	2.7
West Virginia	2.1	1.7
Total Org. Expenses[1]	$1,978,706.09 ($11,261,452.79)	$1,638,031.52 ($8,157,162.33)
Total Org. Revenue[1]	$2,076,925.92 ($12,138,572.43)	$1,778,939.80 ($8,986,078.09)
Total Assets at End of Year[1]	$3,578,734.66 ($23,609,972.72)	$3,380,681.80 ($18,889,235.73)
Total Contributions, Gifts, & Grants[1]	$641,595.20 ($5,056,944.65)	$549,177.38 ($1,491,620.70)
Number of Executive Directors in Past 10 Years		2.99 (1.56)
Tenure of Exec. Director		10.72 (8.62)
Organizational Life Stage		
Startup		2.4
Growth		22.9
Maturity		59.6
Decline		3.4
Turnaround		11.6

Notes: This table shows descriptive statistics for all rural nonprofits and for participating organizations in persistently poor counties in the Southern region. [1]Information from 2016 IRS 990s; [2]Due to rounding, total does not equal 100; [3]Letters represent major groups in the NTEE system.

Considering differences between participants and nonparticipants, age for participants (mean rank=1,904.01) was significantly higher than nonparticipants (mean rank=1,753.01, U=513,194, z=2.426, p=0.015). For total expenses, participants had higher mean rank (mean rank=1,935.73) than nonparticipants (mean rank=1,750.15, U=522,451, z=2.98, p=0.003).

Figure 3. Locations of Participating Nonprofits



Note: This figure illustrates geographic location and number of responding organizations to the survey.

Organizational Capacity

The ABN/KLF organizational capacity instrument consists of 11 areas (see *Measurements*, Table 1*)*. Raw scores of the 11 organizational capacity areas (subscales) were converted to percentages, with higher scores indicating higher capacity. On average, nonprofits scored in each individual area:

- Board Leadership: 81% (range: 16.67–100; *SD*=15.91)
- Executive Management Leadership: 70.85% (range: 0–100; *SD*=24.92)
- External Relations, Communications, and Marketing: 86% (range: 0–100; *SD*=18.93)
- Financial Systems and Management: 84% (range: 0–100; *SD*=20.20)
- Fund Development: 65.84% (range: 0–100; *SD*=25.65)
- Human Resources: 65.45% (range: 0–100; *SD*=34.59)
- Legal and Compliance: 82.52% (range: 50–100; *SD*=17.97)
- Program Design and Evaluation: 78.85% (range: 0–100; *SD*=27.58)
- Strategy and Planning: 74% (range: 0–100; *SD*=22.62)
- Technology: 79.29% (range: 0–100; *SD*=25.63)
- Volunteers: 44.22% (range: 0–100; *SD*=38.73)

Table 3. Alliance for Better Nonprofits/Knoxville Leadership Foundation Organizational Capacity Assessment, Structural Elements

Subscale/Item	% Nonprofits Yes (N=292)
Board Leadership (BL)	
1. Members of the board have diverse backgrounds and expertise/skills sets.	96.4
2. The number of board members meets bylaw requirements.	97.8
3. Roles and responsibilities of the board are written.	89.6
4. The new board member process includes all of the following: invitation, nomination and orientation.	87.1
5. Board members are involved in activities of the organization beyond the board meetings (e.g. committee meetings, events, fundraising calls).	88.9
6. There is a process to evaluate board leadership performance.	25.4
Executive Management Leadership (EM)	
1. The leadership team (paid or unpaid) has diverse backgrounds and expertise/skills sets.	93.9
2. The organization has a standard process for making major decisions.	91.8
3. There is a process to evaluate executive leadership performance (paid or unpaid).	61.1
4. There is a succession plan in place for the president/executive director (paid or unpaid).	36.7
External Relations, Communications, & Marketing Strategy (ER)	
1. The community knows what services our organization offers.	94.6
2. Our organization partners with other organizations to help meet its mission.	94.3
3. Staff and/or board members attend community meetings for the purposes of supporting the community, staying knowledgeable about needs and priorities, and inviting community support for our organization.	89.5
4. Our organization has printed materials available for distribution.	83.2
5. Our organization has an updated website that conveys the core message of the organization.	79.2
6. Our organization actively uses social networking platforms (i.e., Facebook).	78.1
Financial Systems & Management (FS)	
1. An organization-wide budget is prepared annually.	84.4
2. Our organization uses accounting software to report and record income and expenses in accordance with Generally Accepted Accounting Principles established by the Financial Accounting Foundation.	86.2
3. Our organization receives an audit by an independent CPA (i.e., annually, biennially).	69.6
4. Our organization has an established fiscal year which we track and report on regularly (i.e., monthly).	94.9
5. Processes for handling finances and money ("internal controls") are written and followed.	85.3
6. Our organization assesses risk management issues annually (i.e., insurance, general liability).	85.0

Fund Development (FD)	
1. Our organization has a written fund development plan that has at least two types of funding streams.	45.8
2. Our organization solicits gifts from individuals (i.e., donations).	87.4
3. Our organization solicits gifts (both monetary and in-kind) from businesses.	83.5
4. Our funding development plan includes one or more of the following: major gifts, planned giving, and/or endowment donors.	51.3
5. Our organization conducts well-planned fundraising events that maximize return on investment.	54.3
6. Our organization knows how to research and has access to resources to government, foundation, and corporate grant opportunities.	70.5
7. Our organization has a track record of successfully securing grants.	69.1
Human Resources (HR)	
1. Our organization has a standard process for recruiting a diverse applicant pool.	57.2
2. Our organization has a standard interviewing, vetting, and hiring processes.	66.2
3. Our organization has clear job descriptions developed for each current and new position.	75.2
4. Our organization has (at minimum) an annual performance review for each employee.	55.2
5. Our organization has a formal policies and procedures manual.	75.7
6. Our organization provides regular professional development for staff (paid/unpaid).	63.2
Legal/Compliance (LC)	
1. Our organization submits required state, federal, and other reports necessary to maintain the tax-exempt status (i.e., IRS Form 990).	100.0
2. Our organization is registered with all applicable federal, state, and local authorities.	100.0
3. Our organization maintains a regular schedule of internal compliance reviews.	76.6
4. Our organization complies with all federal and state disclosure laws.	99.6
5. Our organization has a whistleblower policy in place and board members and paid/unpaid staff are all made aware of the whistleblower policy.	50.0
6. Our organization has as formally written Code of Conduct and a process to ensure that all employees are apprised of and agree to adhere to the organization's Code of Conduct.	66.9
Program Design & Evaluation (PD)	
1. When designing a new program, our organization researches other programs in the community to see if there is a need for the proposed services.	74.6
2. When designing new programs and monitoring current ones, our organization seeks out current research (i.e., best practice models).	79.1
3. For each program, our organization tracks the number of individuals served, the frequency of service, and the number of individuals completing the program or no longer in need of services (if applicable).	79.9
4. Our organization obtains consumer/client feedback about the program(s).	77.9
5. Key outcomes (changes that are expected to occur as a result of the program) are established.	78.5
6. Outcomes are demonstrated with data and stories about how the program/organization made a difference.	81.3

Strategy & Planning (SP)	
1. All of these tasks have been accomplished for our mission: developed, written, and posted.	84.2
2. All of these tasks have been accomplished for our vision: developed, written, and posted.	74.8
3. All of these tasks have been accomplished for our values: developed, written, and posted.	67.9
4. Our organization engages in regular strategic planning (i.e., every year, every five years).	69.8
Technology (T)	
1. Our organization staff have access to dependable telephones, voicemail, organization email, computers, internet, and printers.	90.9
2. Staff have access to high-speed internet.	87.3
3. Staff have access to adequate software to meet the needs of their role (i.e., Word, QuickBooks).	89.0
4. Computers are linked to a network.	58.8
5. A separate storage system is used to frequently backup all computers and networks.	66.4
6. Updated virus software is installed and used on all computers and servers.	83.6
Volunteers (V)	
1. Our organization has a formal process for identifying the needs for volunteers across our organization.	45.2
2. The organization has a formal process for recruiting volunteers.	37.7
3. There are formal processes in place for assessing volunteer strengths and skills.	33.8
4. There is a formal process in place for recognizing efforts of volunteers (i.e., thank you letters).	60.1

Note: This table provides structural capacity items of the ABN/KLF Organizational Capacity Assessment and percentage of nonprofits that indicated 'yes' to those items. Used with permission.

Table 3 provides structural capacity items and percentages of nonprofits that indicated 'yes' to those items.

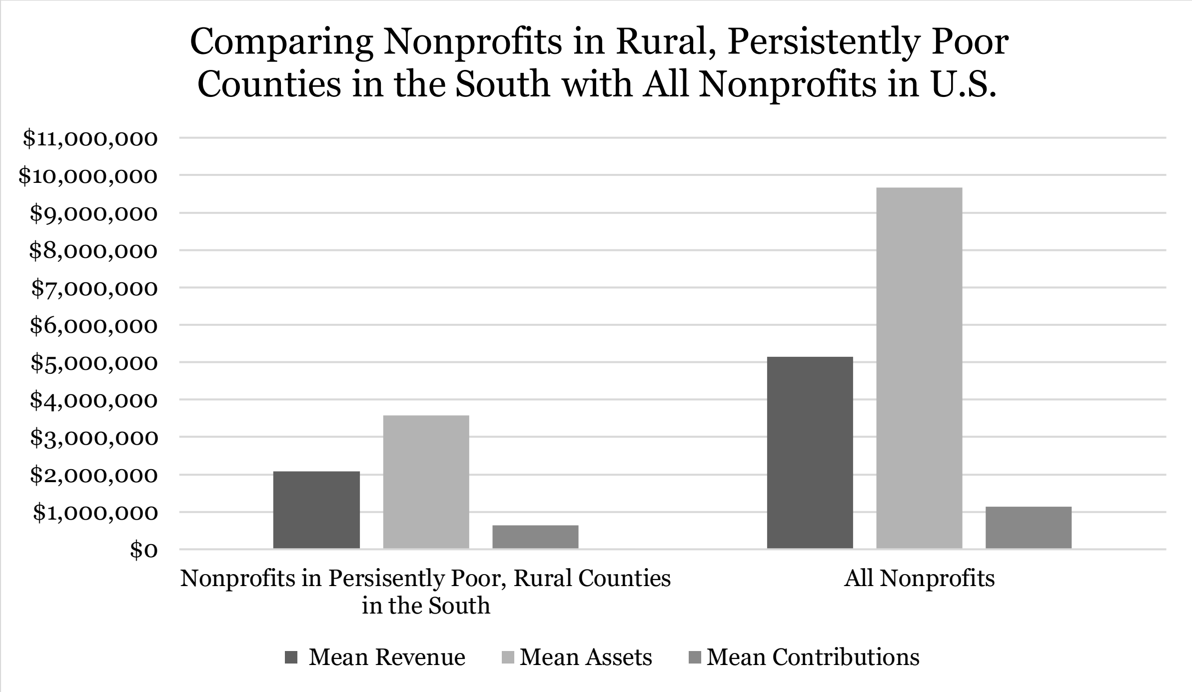
Discussion

The present study sought to establish a foundation of knowledge regarding characteristics and organizational capacity of nonprofits in rural, persistently poor counties in the South. Demographics and geography of 3,350 nonprofits in 252 rural counties were explored. Responses of 292 nonprofits were utilized in the final analysis, which examined selected organizational characteristics and levels of organizational capacity.

Characteristics of Nonprofits in Rural, Persistently Poor Counties in the South

Descriptively examining all nonprofits in rural, persistently poor counties in the South shows these organizations may be younger and have lower expenses than the average U.S. nonprofit with a median age of 16, and more than 75% had expenses under $500,000. In comparison, the average U.S. nonprofit had a median age of 20 (McLean, 2014), and about 67% had expenses less than $500,000 (McKeever, 2018). Examining 2016 990 data from all U.S. nonprofits, nonprofits in persistently poor, rural counties in the South had lower mean revenues, assets, and contributions in comparison, as shown in Figure 4, though it is

Figure 4. Comparing Nonprofits in Rural, Persistently Poor Counties with All Registered Nonprofits in U.S.



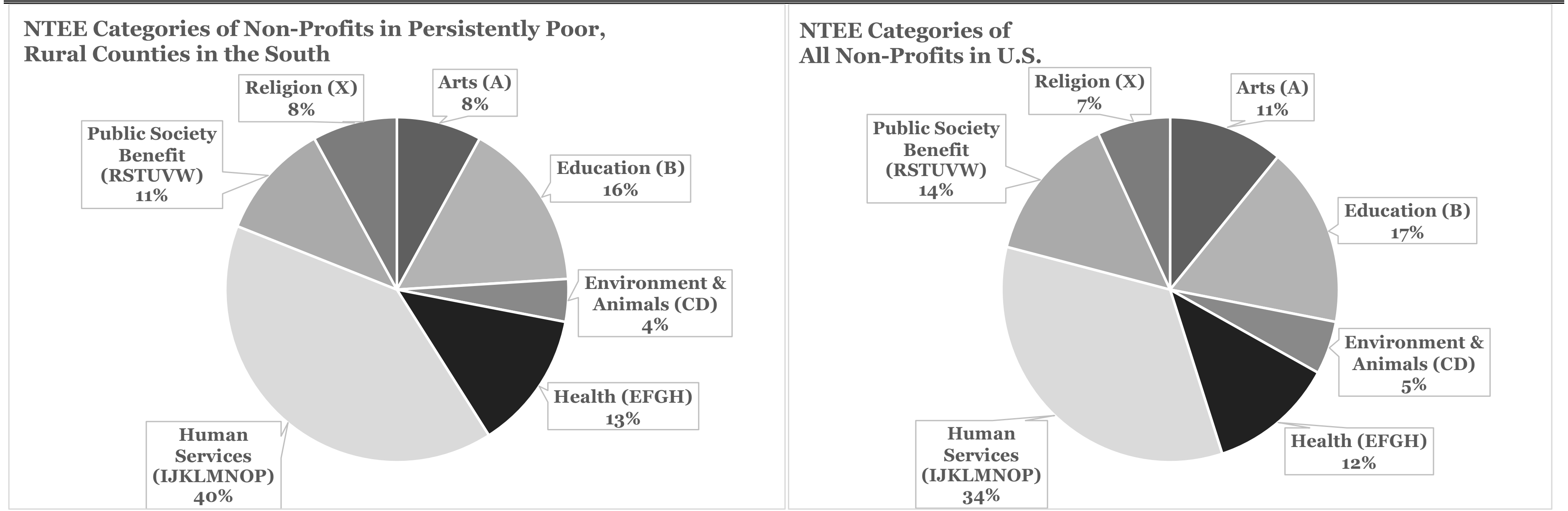
Note: Using 2016 990 IRS data, this figure compares nonprofits in persistently poor, rural counties in the South with all registered nonprofits in the U.S. The mean revenue, assets, and contributions are shown for each group.

important to note that these comparisons do not control for population. Nonprofits that are younger and smaller may have more problems with organizational capacity (Andersson et al., 2016; Yung et al., 2008) and may not respond to capacity building initiatives in certain areas as well as older and bigger nonprofits (e.g., Despard, 2016b). Therefore, it is conceivable that, overall, nonprofits in the rural South may have lower organizational capacity than other geographical areas. Conducting national studies with Census region comparison might provide a better understanding of geographical disparities in organizational capacity.

With the exception of Maryland, all states in the Southern region have a higher than U.S.-average poverty rate, and most states have rural poverty rates nearing or more than 20% (see Figure 1). Considering that many counties have fewer than 10 nonprofits, needs of communities are likely going unmet as evidenced by increased concentration of persistent poverty in the South over the last two decades (USDA/ERS, 2019a; Weber & Miller, 2017). Of particular concern is Louisiana, which has the highest rural poverty rate (USDA/ERS, 2019b), but very few nonprofits to serve their needs. Previous research has indicated that increased numbers and diversity of nonprofits can be found in wealthier places (Grønbjerg & Paarlberg, 2001), but more research is necessary to explore statistical differences among states as well as association of poverty level and population with number of nonprofits—especially human services-oriented organizations.

Figure 5 provides a comparison of organizations in the U.S. and those in persistently poor, rural counties in the South. In several categories, the area of interest has similar numbers of organizations compared to the U.S. as a whole with the persistently poor, rural counties in the South having more human services-oriented nonprofits. One notable difference is in the

Figure 5. Comparing NTEE Categories of Nonprofits in Rural, Persistently Poor Counties with All Registered Nonprofits in U.S.



Note: Using 2016 990 IRS data, this figure compares NTEE categories of nonprofits in persistently poor, rural counties in the South with all registered nonprofits in the U.S. The letters in parentheses denote the Major Group classification. These figures omit the international and foreign affairs group, mutual/membership benefit group, and unknown/unclassified group.

category of Public Societal Benefit, which includes organizations related to advocacy and alliance, capacity building organizations, economic development, and philanthropy, voluntarism, and grantmaking foundations. This discrepancy could explain capacity issues related to fundraising and financial investments.

Most 501(c)3 nonprofits in the South are human services-oriented. With the South experiencing the highest rates of persistent poverty (ERS, 2019a), increased rates of unemployment (NRHA, n.d.), the largest percentage of food insecure counties (Hester, 2017), and significant housing problems for minority residents (Housing Assistance Council, 2012), having organizations geared towards meeting socially-oriented needs is critical. However, employment and food security are two major challenges for the region, and there are few nonprofits in these categories. One possible explanation for these perceived gaps is that small nonprofits with budgets under $50,000 who are not required to file IRS 990s are performing these services for communities. Or organizations registered under 'P–Human Services' (e.g., YWCA) or churches registered under different IRS codes may be fulfilling these needs. Finally, larger organizations in metropolitan areas whose reach extends to surrounding rural counties could be helping. Nonetheless, hunger and joblessness are serious problems related to persistent poverty. To ensure these services are being provided, further research is necessary.

Also related to the NTEE category data, fewer organizations exist with missions linked to arts, culture, and humanities. If people, like many in the South, are struggling to keep a roof over their heads and food on the table, it is unlikely that they are financially capable of participating in these leisurely events and likely missing out on cultural opportunities. However, these organizations and their contributions are important to society: "… They spur creativity and imagination; stimulate empathy and help people make meaning; enlarge tolerance for complexity; deepen cross-cultural understanding; encourage discipline and teamwork…contribute to communities' physical and psycho-social well-being" (Sidford & Rabkin, 2014, p. 3).

Organizational Capacity

Strengths & Challenges

Overall, rural nonprofits scored moderate to high in most of the original organizational capacity areas, demonstrating many strengths. Organizations are recruiting leaders with diverse backgrounds who are active in their roles. Communication and collaboration with stakeholders are occurring in various forms. Financial management systems are present. Strategic planning is being conducted. These organizations also have diversified fundraising strategies. Finally, programming is planned according to community needs and evaluated in multiple ways. These results contradict some previous reports (e.g., Clyburn, 2014; Klein et al., 2009) that rural nonprofits may not have sufficient organizational capacity. Some capacity challenges were also identified among these rural nonprofits aligning with previous research:

Board Leadership. Board member performance evaluation was the lowest-scoring item with only 25% of nonprofits engaging in the process. This is half of the number of nonprofit boards reported to engage in self-evaluation (BoardSource, 2017). Board member evaluation is suggested at least every two years to ensure members recognize and engage in governance best practices as well as capacity responsibilities such as financial oversight, strategic planning, and fundraising (BoardSource, n.d.). Thus, few nonprofits in the present sample have empirical data regarding the performance of board members, which may impact other areas of organizational capacity.

Executive Management. About one-third of participating nonprofits were engaged in succession planning for leadership positions, which closely aligns with BoardSource data that suggests approximately 27% of nonprofits in the U.S. and abroad conduct succession planning (2017). Engaging in succession planning for top leaders will help avoid potential losses in institutional data or funding (National Council of Nonprofits, n.d.). The respondents of the current study report an average of three executive directors over a ten-year span, and with little succession planning occurring, a high likelihood exists that capacity and programmatic challenges occur because of changes in leadership.

Fund Development. In Fund Development, the most significant challenges were related to planning—specifically developing fundraising plans and quality fundraising special events. This finding echoed other studies focused on rural nonprofits that struggled with elements of fund development and, unfortunately, negatively impacted their ability to carry out their missions in some way (e.g., Anderson, 2017; Besel et al., 2011; Klein et al., 2009; Knudsen, 2016; Lee, 2011; Sanders, 2014; Seale, 2010; Sweet, 2013; Tighe, 2013). Fundraising plans are essential for success in sustainability of programming, which is especially important to funders (Karsh & Fox, 2014). Diversifying sources of income, as opposed to relying on a few funders, may be the key difference in nonprofits shuttering their doors (Benefield & Edwards, 1998). In the present sample, most nonprofits were asking for money from various sources, but perhaps with lack of planning in half of organizations, solicitations are not coordinated. As Walters (2020) notes, nonprofits in rural areas may not have enough staff or knowledge to effectively plan and implement fundraising strategies. With reduced or inadequate funding, nonprofits may struggle to carry out their programs. Nonetheless, capacity-building initiatives that involve fund development, like in Minzner et al. (2014), can significantly increase effectiveness in this area.

Human Resources. Related to the Human Resources area, two items were potentially problematic: A little less than half were not conducting performance reviews, and only 37% were providing regular professional development for staff and volunteers. Research indicates that annual performance reviews may not be a useful way to measure effectiveness of an employee as ratings are subjective, have insufficient criteria for evaluations, and have varying impact of feedback on employee behavior change (Adler et al., 2016). Though not perfect, performance evaluations do allow for fairness and transparency for purposes of promotions and salary adjustments (Goler et al., 2016). For rural nonprofits, especially those small or one-person shops, conducting performance evaluations could be challenging or even not possible because time, staff or board members, and knowledge of the process may be limited. Lack of professional development can also be troublesome. Previous research suggests that investing in employee development and learning may be a weakness across the board for nonprofits (e.g., Bridgespan Group, 2011). In one study, a mere 30 percent of nonprofits believed that providing growth opportunities was an organizational strength (Bridgespan Group, 2011). Particularly in rural nonprofits in counties where resources are limited, nonprofit staff (e.g., social workers) are often expected to handle a variety of issues with clientele and serve in numerous roles other than the one assigned to them—thus competence is necessary (Humble et al., 2013).

Volunteers. The Volunteers area had the lowest scores among the rural nonprofits in the present study. While many nonprofits noted that they were recognizing volunteers for their contributions of time and effort, most were struggling with identifying volunteer needs in the organization, recruiting volunteers, and assessing strengths and skills of volunteers. In a recent national study examining nonprofit volunteer capacity, Hager & Brudney (2021) found that capacity in this area varied significantly by category (e.g., health, human service) and size of organization. Larger organizations tend to invest more resources into volunteer management and implement more formal management practices like volunteer training and supervision (Hager & Brudney, 2021). For rural nonprofits that are small and resource-limited, volunteers are critical to meeting organizational goals. Previous research on volunteer capacity in rural nonprofits is limited (Walters, 2020). One study indicates, however, that volunteer management was a strength for the rural organizations in their sample (Klein et al., 2009), while another confirmed the struggle to recruit (Edwards et al., 2014). In nonprofits in rural, persistently poor counties, residents may not have the extra time to give as they are working or caring for their families. Or, conceivably, people in these communities do not know the value of volunteering or have proper transportation. On the organization side, explanations could be that they are not recruiting the right people, asking in the right way, or not at all—due to lack of time, knowledge, or funds. One solution may be targeting retired seniors to assist in nonprofits as they have the time and a desire to use their skills and knowledge for good (Helseth, 2014). Another report suggests rural nonprofits use current volunteers who are excited about the cause to recruit new ones (Comp et al., 2012).

Limitations

The present study is not without limitations. First, there are many ways to measure ruralness—both officially and unofficially and all with benefits and consequences (Walters et al., 2019). This investigation employed the ERS definition of nonmetro (counties of up to 50,000 residents; 2017b). Utilizing another definition of rural could elicit different findings. Nonetheless, this definition is frequently used by government agencies for policy and programming and aligns with persistently poor county data produced by the ERS. Second, the study used a measure that has not been previously employed in other studies, raising validity issues. Further, the reliability analysis yielded mixed results among the subscales from poor to good. However, the tool was piloted with Southern, rural nonprofits, and capacity building experts were consulted. Another limitation of the instrument is its self-report nature. It is possible that responses are invalid due to social desirability and interpretation challenges. Further, many organizational capacity assessments require responses from multiple organizational representatives so that various perspectives are considered and then reconciled together. Available research resources (e.g., time and funding) for the present study limited the ability to collect multiple responses per nonprofit, though future studies should consider this option when feasible.

Additionally, NCCS/IRS data from which nonprofits were selected could be flawed, particularly with addresses, so the study may have omitted or included organizations that did not meet the criteria (McDougle, 2015). Moreover, the selection method utilized in this study omits nonprofits that are urban-based but provide rural services or have branch offices in rural communities. However, these data are the best available other than handpicking data from each organization, which can be time consuming and cost prohibitive. The study also leaves out nonprofits with minimal expenses and who are not required to submit an IRS 990 form. Many organizations with smaller budgets still opt to complete a 990 for transparency and reporting purposes (as evidenced by the present sample), but there is an unknown number of organizations that fall into this category. If more funding and time were accessible, cross-referencing NCCS/IRS data with state registries might be an option to increase accuracy of data and include smaller organizations.

Regarding generalizability, the study generated a poor response despite efforts to use multiple contact methods. The minimal response could be due to these organizations being understaffed and unable to prioritize participation in a study when they are already overworked. Another reason for lack of participation could be distrust in the research process or researchers. They may not see the study as legitimate or understand how the information may be used. For future studies, adding recruitment methods, such as telephone surveys, might increase participation as this method gives them an opportunity to speak to a real person. Also, responding organizations had statistically higher expenses and were older than non-respondents; therefore, these organizations may have higher organizational capacity than non-respondents. For example, scores on the External Relations capacity area were very high in the study sample, but within the population, less than half had discoverable methods for online contact. Future studies should consider using a stratified sampling method to ensure that nonprofits of all sizes and ages are included in the sample. While the sample is small and potentially biased, the study provides knowledge regarding rural nonprofit capacity that is much needed and serves as groundwork for future research.

Conclusions

The rural South has a past fraught with economic and social challenges that, to the detriment of its residents, have continued into present day. With nearly all persistently poor counties being rural and located in the South, the region is experiencing dramatic income inequalities that are impacting everyday living including food, shelter, and health. Nonprofits serve as a major safety net, improving the quality of life for all (e.g., Edin & Lein, 1998; Guo, 2010). Few studies have been conducted on rural nonprofits—even less with a focus on organizational capacity. This study contributes to minimal existing literature on rural nonprofits in the U.S. by exploring their characteristics and organizational capacity. Targeting an especially vulnerable area, the geographic focus of rural, persistently poor counties in the South contributes to the scarce literature on persistently poor counties and organizations that provide valuable services to residents.

Findings reveal that there are many rural, persistently poor counties in the South with few nonprofits. Accordingly, a basic inquiry arises—who provides services that help enhance the quality of life? More research is necessary to understand if service gaps exist, particularly with employment and nutrition. In an effort to build a foundation of knowledge regarding rural nonprofit organizational capacity, the present study found several strengths. This signifies that rural nonprofits in the South have many foundational components that capacity literature identifies as critical (e.g., strategic planning, finance accountability). However, there were areas of capacity that may be lacking including board member and employee evaluation, succession planning, fundraising planning, training, human resources policies, and volunteer recruitment and management. Volunteer capacity is a prominent concern. With many rural nonprofits being small operations, they likely depend on the time and efforts of volunteers. These weaker areas of capacity provide a starting point for capacity builders to craft intentional training opportunities for rural nonprofits. Further, findings from this study are important as policymakers consider funding programs for persistently poor counties and using local nonprofits to implement them. Despite limitations, this study is a platform from which future research can be shaped about rural nonprofits.

Disclosure Statement

The author(s) declare that there are no conflicts of interest that relate to the research, authorship, or publication of this article.

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Research Article

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Promising Pathways: Investigating Personal Factors Promoting Nonprofit Executives

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The nonprofit sector has been critiqued for failing to systematically develop leadership to meet the sector's professionalizing needs. The personal profile of who sits in the nonprofit executive position can be insightful about what experience and training have been deemed appropriate for nonprofit leadership and may reveal career pathways to the executive position. In this paper, the career backgrounds of 185 nonprofit association executives are reported upon, investigating if the credentials and experience held by these executives helped expedite their career pathway to the top position. The findings indicate that nonprofit sector experience was a significant predictor of time to the executive position, but that other career variables, such as education, credentials, and other previous experiences did not significantly impact the time to the position. This study adds to what we know about the professionalization of the nonprofit sector and raises questions about what signals readiness for the sector's executive position.

Keywords: Nonprofit Careers, Credentials, Sector Experience, Executive Experience

The executive position in nonprofits is rife with pressure and described as central to the nonprofit's operations (Heimovics et al., 1993). Predictions of turnover due to natural attrition in the position and baby boomer retirements give cause for concern about who will next carry the mantle of nonprofit leadership though (Tierney, 2006). A rallying cry for 'leadership development' has emerged as a means of addressing this wave of anticipated executive turnover, but even with good intentions, systematic leadership development in the nonprofit sector has been lacking (Landles-Cobb et al., 2015).

These calls for leadership development are rooted in the assumption that human capital capacity equips organizational capacity (Austin et al., 2011; Day, 2000). To date, efforts by funders and nonprofits to answer this call have had success in fostering potential among their cohorts. Yet these initiatives are limited by specific training curricula only accessible by their chosen participants or have constrained reach due to eligibility requirements or funding limitations. Yet with over 1.5 million nonprofits in the United States (McKeever, 2019), leadership development for the sector should be broadly conceived with accessible knowledge of what leadership qualities entail and how to develop leadership for the nonprofit sector at a sufficient scale. To this end, this study reconstructs career paths and investigates personal factors that helped pave the way for those who currently hold association executive positions. Documentation of executive credentials could help inform those who recruit for the nonprofit

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executive position on what qualities to look for, those who are in position to invest in and design leadership development programs on qualities to groom, and those who seek to fill that role on the qualities they should develop.

This study on nonprofit executive careers is informed by a few assumptions. First, in considering a nonprofit career, individuals are moving along a career path or a ladder of successive positions either in the same organization or between different organizations. Whereas, a nonprofit founder creates their own executive position, nonprofit professionals appointed to an existing organization's executive position would be responding to a job ad or recruited to the position. Second, as the top position in a nonprofit, executives are selected by volunteer boards of directors who oversee the human resource responsibilities over the executive position. Hence, a board authors the executive's job description, and this profile is a statement of the board's preferences (Santora & Sarros, 2001; Zajac & Westphal, 1996). Third, since they were successful in achieving the position, the profile of current executives represents the characteristics of what was deemed qualified for the executive position. Finally, executive career paths point to the same outcome—achieving an executive position. Without the counterfactual of who applied and was not selected, the outcome is held constant and instead factors that paved the route to the top most expeditiously are considered. These factors are seen as facilitating a quicker rise to the top and hold insights about the qualities that are preferred for a nonprofit's top position.

This research study's setting is among nonprofit membership associations, which make up one-third of the US-nonprofit sector according to the National Center for Charitable Statistics (Tschirhart, 2006). Nonprofits have a public serving or member serving purpose (Salamon, 2003), and associations "vary in the balance of their service to individual members, the member collectivity, and an external community made up primarily of nonmembers" (Tschirhart, 2006, p. 524). Association leadership bridges two worlds as they carry out the traditional executive functions, while also being accountable to association members, who have rights and responsibilities (Tschirhart, 2006). Understanding who ascends to the position and what prepares them holds insights to those who work in and study associations, as well as those concerned with the leadership of any nonprofit. This paper proceeds with a review of the literature that informs the study's hypotheses. The method is then presented along with findings from the analysis before closing with discussion of the findings and the study's limitations.

Nonprofit Careers

In 1996, Onyx and MacLean described that "that concept of career is often seen as problematic for people working in the nonprofit sector," elaborating that "people who work for nonprofit organizations are often seen as having no careers" (pp. 332, 331). Whereas this article went on to examine third sector career patterns, practitioner wisdom and research emerging in the years since this article first appeared confirm as well that there are careers to be had in the nonprofit sector (for an overview of nonprofit-related career studies, refer to Jäger et al., 2013). For starters, nonprofits are increasingly professionalized and staffed by paid professionals (Maier et al., 2016). Research on worker motivations and preferences also documented that some professionals choose to work in the nonprofit sector over the public or for-profit sector (For examples, see De Cooman et al., 2011; Tschirhart et al., 2008). As nonprofit careers take shape, research by Suarez (2010) and Norris-Tirrell et al. (2018) documented its pattern as unique to the sector, emphasizing "substantive expertise and nonprofit experience" (Suarez, 2010, p. 710). Carman et al. (2010), Kunreuther (2003), and McGinnis (2011) also raised generational factors that may prompt rising nonprofit professionals' careers to look differently than more seasoned nonprofit workers. Thus, a nonprofit career is a confirmed but evolving phenomenon, and factors explaining nonprofit careers may look different than what explains careers in other sectors given the sector's mission-orientation.

Human capital theory as outlined by Bartlett in Blair (2011) posits a relationship between investments in education and training as reaping dividends in terms of compensation and promotion. This economic perspective explains in simple terms the complex dynamics of both labor forces and individual career paths, and an expectation of this input-output relationship is that with greater levels of inputs, greater outputs in terms of advancement might be achieved. Jäger et al. (2013, p. 1028) applied concept of "career capital" to a sample of nonprofit executives to appreciate the temporal elements of an executive's career that accumulate from "past experiences, present actions, and future expectations." A study by Stewart and Kuenzi (2018) documented these 'past experiences' that comprised a sample of health and human service executives' career paths, making note of their credentials and experience. Yet, insufficient evidence still exists about what factors matter in this input-output relationship towards promotion to the top. Thus, this study investigates two factors that commonly mark a nonprofit professional's past experiences, the credentials they have secured and their professional experience.

Credentials

Career credentials, such as degrees and certifications, are recognizable labels individuals either opt into voluntarily or are forced into based on their chosen career field (Lester & Dwyer, 2012). Credentials entail a "signaling function" (Bartlett, 2012, p. 1) of both "expertise and readiness" (Bartlett, 2004, p. 1) as well as "potential for future learning and skills acquisition" (Ridoutt et al., 2005, p. 41). From a principal-agent perspective, boards, acting in their monitoring role over their agent (i.e., the executive), might gain confidence in an executive candidate when they hold obvious credentials that signal their qualifications. Higher education, as a credentialing source, has been documented as an explanatory factor of career advancement (Becker, 2009). Yet, the widespread prevalence of undergraduate education among nonprofit professionals (Norris-Tirrell et al., 2018; Stewart & Kuenzi, 2018; Suarez, 2010) indicates an undergraduate degree alone may no longer be sufficient.

In a crowded field of nonprofit professionals, advanced degrees may signal and help job candidates stand out since they are not as widely held as undergraduate degrees. Lee and Suh (2016, p. 2) described that a "great extent of managerial knowledge and capacity can be developed through training," and advanced degrees, such as a masters-level degree, credential skill development for specific vocations, and employment fields (Tomlinson, 2008). Advanced degrees signal specialized skills, which may prompt career advancement and/or assignment of greater responsibilities. Related, nonprofit boards may seek to promote executives who have management related advanced degrees, viewing the specialized management training as a credential critical to overseeing their nonprofits' operations.

> *Hypothesis 1a*: Professionals holding advanced degrees will ascend to the nonprofit executive position more quickly than professionals not holding advanced degrees.
>
> *Hypothesis 1b*: Professionals holding management-related advanced degrees will ascend to the nonprofit executive position more quickly than professionals holding other types of advanced degrees.

Professional credentials legitimize workers as being qualified for a field of work and have been documented as a means of career advancement for their inherent signal and assurances (Crompton & Sanderson, 1986). Professional credentials include certifications founded and fostered by professional entities, such as a Certified Association Executive (American Society of Association Executives), Licensed Clinical Social Worker (National Association of Social

Workers), Certified Fundraising Professional (Association of Fundraising Professionals), or state legal bar licensure, etc. Certification processes entail rigor, including pre-qualifications, standardized testing, and peer review. Professionals are screened and qualified as meeting accepted standards, and the certifications are held in esteem internal to the field as well as to those external, who may not fully understand the requirements of the certification process but accept it as a valid indicator. Evidence from national studies of board leadership describe performance as uneven (BoardSource, 2017; Lacker et al., 2015), and a possible implication is that limited preparation for their function and expertise for their nonprofit's mission will prompt them to rely on the signal of certifications. For example, the American Society for Association Executives documented that between 2010 and 2012 their job board postings "that preferred or required an association professional who possessed the CAE credential tripled (ASAE, 2014, as cited in Petrillo, 2015, p. 33). Thus, those who hold such credentials are expected to advance in their career path more quickly than those who do not hold such credentials. Further, certifications require motivation and commitment from those who voluntarily pursue them, and professionals holding credentials may have career motivations that propel them along their career path more readily than those not credentialed.

> *Hypothesis 2*: Professionals holding a professional credential related to their mission field will ascend to the executive position more quickly than professionals not holding a professional credential.

Experience

Executive-Related Experience

From a *Harvard Business Review* 'Classic,' Katz (1985) sorted proficiency requirements for executives among technical, human, and conceptual skills, and Kearns et al. (2015) used this framework to investigate the skills used by nonprofit executives. Their findings revealed that while some skills used in the executive position may be taught, others may only be learned from experience (Kearns et al., 2015). Accruing experience over a career helps socialize and prepare individuals to assume greater responsibilities (Abbott, 1988; Smith & Martinez-Moyano, 2015). In the path to the top position, professionals must effectively demonstrate their capacity for greater responsibility as well as take on a leadership mindset, which has been described as moving from a responsibility for one's self to a collective responsibility (Charan et al., 2006). Austin et al. (2013) observed the transition of direct service practitioners to human service managers and pointed to a shift from a specialist to a generalist perspective that helped formulate a managerial identity.

Previous experience in executive-level positions may give nonprofit boards confidence that job candidates have the capacity to perform in their top position. The nonprofit executive position was once thought to be a terminal career position, but prior research by Stewart (2017, p. 8) described smaller nonprofits as "stepping stones" for executives who are promoted to larger organizations with presumptive larger spans of control and responsibility. Executives with career ambition may hold the position more than once, and when presented with the experienced executive versus a first-timer, boards may prefer to appoint a seasoned executive. Thus, in the context of this study of association executive careers, prior nonprofit executive experience may be reason for promotion to the association executive position.

> *Hypothesis 3*: Professionals who have held the nonprofit executive position previously will ascend to the association executive position more quickly than professionals not holding the nonprofit executive position previously.

The nonprofit sector has collectively under invested in leadership development, and nonprofit boards acknowledge the importance of succession planning but participate at concerningly low rates (Froelich et al., 2011; Stewart, 2016). Succession planning includes identifying a means by which to appoint a successor, even grooming an internal candidate (Bozer et al., 2015), but many nonprofits do not have this luxury of bench strength for reasons including financial underinvestment in managerial capacity (Gregory & Howard, 2009). Limited attention has been given to the c-suite in nonprofits (i.e., chief financial officer, chief operating officer, etc.) since the financial capacity needed to retain such human capital capacity is out of reach for many nonprofits, and even when such internal capacity exists, these executive-level staff are not always looked to as heirs to the executive position (Santora & Sorros, 2001). Yet even when internal promotion paths do not transpire, this second-in-command type experience is fertile ground for proving and signaling leadership mettle for an organization's top position (Fitzsimmons et al., 2014; Oakley, 2000. Therefore, upper management experience is expected to contribute to a nonprofit executive's promotion even if it is an external promotion.

> *Hypothesis 4*: Professionals who have held second-in-command positions previously will ascend to the executive position more quickly than professionals not holding these positions previously.

Mission focus has been an explanatory factor of nonprofit career development (Norris-Tirrell, 2018; Suarez, 2010), and is akin to competencies that drive "boundaryless careers" from the for-profit sector (DeFillippi & Arthur, 1994, p. 308). This mission expertise helps propel a career in a given field as the professional moves between different organizations. Work in general and in particular settings socialize professionals to norms and customary procedures, and thus, someone with accrued experience in a setting or field similar to where they are seeking employment may signal to the hiring agent that they have insider knowledge that will equip them for assigned duties. In the context of membership associations, prior professional experience in an association will signal that the professional understands the context, including the skills and knowledge unique to member-serving aspects of association employment.

> *Hypothesis 5*: Professionals who have held a position in the mission field previously will ascend to an executive position of that mission field more quickly than professionals not holding a position in the mission field.

Nonprofit Sector Experience

The nonprofit context poses different leadership challenges than the for-profit or public sectors, and among these challenges are the sector's reason for existence that pit it in relationship to the for-profit and public sector, its volunteer labor force, its complex and sometimes intangible products, the shared leadership structure with volunteer governance, and complex measures for nonprofit mission effectiveness (Fortenbaugh, 2017; Leete, 2006; Suarez, 2010). A "nonprofit ethic" may be most readily derived from time spent in the sector as compared to training and orientation from leadership development activities (Suarez, 2010, p. 696). Coined by Suarez (2010, p. 707), a "nonprofit lifer" spends their entire careers in the sector, because their employment is a vocational calling with no alternative to nonprofit employment considered. Although research documents nonprofit executives holding experience across the public, for-profit, and nonprofit sectors (Norris-Tirrell et al., 2018; Stewart & Kuenzi, 2018; Suarez, 2010), limiting work experience to the nonprofit-sector only may signal to a board that the candidate has a unique ability to navigate the complexities of nonprofit leadership.

> *Hypothesis 6*: Professionals who spend their entire professional careers in the nonprofit sector will ascend to the executive position more quickly than professionals holding experience in combination of the nonprofit, public, and for-profit sectors.

Method

This research study investigates personal factors that help expedite the ascension of nonprofit professionals to the executive position. The following describes the method employed in this study, including the sample selection, the data collection, a data description, and the analysis approach.

Sample Selection

To develop the 295 membership association sample, the following process was employed. First, using a 2013 listing from the National Center for Charitable Statistics Core file, which includes the tax filings from all organizations that had filed form 990 (n=348,910), organizations were sorted by the National Taxonomy of Exempt Organizations code. We extracted the listings of all organizations with the classification 'A03' which represents professional societies and associations (n=11,184). Organizations were then dropped whose annual revenues did not exceed $100,000 since associations falling below this threshold were not assumed to have sufficient revenues to employ a paid executive (n=7,217). Following, the listing was randomly sorted and used as the base for inclusion into the final sample. In order, the contact information was identified for each association by the research team using internet research as well as confirmation that each was in fact a membership association. Organizations were also checked against a listing of member organizations for the American Society of Association Executives (ASAE)[1] given that leadership development programs were variables of interest for this study. The first 100 ASAE members and 195 non-members whose contact information was available and who were able to be verified as current membership associations made up the final sample.

Data Collection

Data collection compiled elements of the nonprofit executive's career paths, including the position type, employment sector(s), educational degrees, and professional affiliations. To compile this information, the data collection was two-fold following Smith and Martinez-Moyano (2015) and Stewart and Kuenzi (2018).

First a survey method, following Dillman (2011), was implemented using a mixed mode survey delivery to maximize response rate. The survey was announced using a pre-notification postcard, and approximately three business days later, a survey mailing was sent to all survey sample participants. This mailing included a handwritten mailing label, a personalized cover letter, the informed consent form, a paper survey tool, a $5 coffee gift card incentive, and a stamped return envelope. Approximately three business days following the survey mailing, an email invitation was sent to all survey sample participants that had an identified email, and the invitation included a link to a Qualtrics-formatted survey that mirrored the paper survey tool. The survey asked respondents to document their career according to the positions held (employer name, position type, years held), academic degrees (type, awarding institution, and year of degree), professional memberships and certifications, civic and community involvements, military service, and demographic information (gender, age, race/ethnicity, household structure). Follow up included phone and email outreach, and the survey remained open for one month from the survey mailing date. At the survey close, 120 had been returned for a response rate of 40.7%. Among the two delivery modes, 69 or 57.5% were returned via postal mail and 51 or 42.5% were returned electronically.

Second, for those not returning a survey, secondary data were collected using internet research. Career information for each association executive was identified wherever possible, including their organization's website, their LinkedIn profiles, and other internet sources where the executive's identity could be matched to the information provided, such as news and other media reports. Due to incomplete secondary data, not all variables prompted by the survey tool were able to be collected via this internet research. For example, demographic variables of gender and race/ethnicity were visibly assessed or included according to pronouns used in internet posts. Thus, with the primary and secondary data collection, career factors were collected on 62.7%, or 185 of the 295 nonprofit association executives in the sample.

Variables for Analysis

To test the hypotheses, the following variables were constructed from the sample's responses. The dependent variable, *Years to Association Executive Position* refers to the number of years it took to get to the association executive position from the start of the professional's career. The start of the professional's career was identified as the first year they had indicated on either the survey response, their resume, or other publicly available career information, such as positions listed under their LinkedIn profile's 'Experience' section. Since all professionals in the sample are currently association executives, a counterfactual of those who tried but were unsuccessful for the executive position was unavailable. Instead, this variable measures the speed in which a professional attains that highest paid position in an association, encapsulating what qualities of candidates are preferred earlier in their career for the executive position. Rather than being concerned with effectiveness (i.e., did the professional become an executive), this variable is focused on efficiency (i.e., how quickly did the professional become an executive). The variable is measured in years, and although individuals may stay on portions of a year, this measurement created consistency across respondents and eased recall issues that might arise in recounting positions from the past.

Explanatory variables include the educational background, indicating if they hold a *Graduate* degree or higher, and/or a *Management Degree*. These are all included as binary (0/1) variables, and the latter refers to management-related degrees, including business administration, public administration, and association management. If the nonprofit executive is a Certified Association Executive, *Credential* is indicated as a binary (0/1) variable. The nonprofit executive's prior experience in the *Executive* position is indicated by a binary (0/1) variable. *Second in Command* is a binary variable (0/1), reflecting if the association executive held a senior-level position. *Sector experience* was created by coding all organizations an association executive worked in prior to their current position as either public, private, or nonprofit and then by identifying the following sector experiences: (1) nonprofit only; (2) private only; (3) public only; (4) nonprofit and public; (5) nonprofit and private; (6) public and private; or (7) experience in all sectors. A dummy variable was created to represent each category for the analysis. *More Than One Association* reflects whether the respondent had any previous professional experiences in associations (other than executive level positions).

Controls included in the analysis are the executive's *Gender* (binary, with 1 representing male) and *Age* (ratio variable), and if the executive's ethnicity is *White* (binary, with 1 representing White, and 0 for all other ethnicities). This final variable was constructed as a binary variable due to the limited diversity of the sample. These three variables were included given the significant historical evidence demonstrating women and racial/ethnic minorities' exclusion from workplace promotions and appointment into executive positions (Nahavandi et al., 2015). Further, while we recognize that age discrimination can and does take place in organizations, the inclusion of age as a control was also logically necessary as one can assume a strong correlation between experience (years of career) and advancement.

Table 1. Descriptive Statistics

Variable Name	Summary Statistic	n
Career Length	29.33 (mean)	185
Years to Association Executive Position	20.84 (mean)	185
Graduate Degree	78 (42.2%)	185
Management Degree	55 (29.7%)	185
Credential	78 (42.2%)	185
Executive Position Experience	56 (30.3%)	185
Second in Command	113 (61.1%)	185
More Than One Association	77 (41.6%)	185
Gender (Male)	89 (52.4%)	170
White	142 (90.4%)	157
Age	55.56 (mean)	85

Findings

Descriptive Statistics

Summary descriptive statistics of all variables, as well as additional career characteristics, are found in Table 1. The sample was overwhelmingly White (90.4%) with just over half of the associations led by male executives (52.4%). They had a mean career length of 29.77 years, with 20.84 mean career years before their current association executive position. Less than half had graduate degrees (42.2%) and less than a third had a management degree (29.7%), while 42.2% had a professional credential. 30.3% had previous experience in the executive position41.6% had professional experiences in more than one association or member organization and 61.1 percent had held a second in command position.

The sector experience of association executives prior to their current position is found in Table 2. The most common experience was nonprofit only (26.5%), followed by experiences in both the nonprofit and public sectors (20.0%), in the nonprofit and private sectors (18.9%), experience in all three sectors (11.4%), experience in the private sector only (9.7%), experience in the public sector only (9.2%), and finally experience in the public and private sectors (4.3%).

Multivariate Analysis

Two regression analyses were run to test the study's hypotheses. While we recognize that including all variables in a single analysis would be ideal given potential underlying relationships among independent variables, we had concerns regarding the power of the model and over-fitting it given the sample size. Therefore, additional analyses were run including a single model containing all variables, a series of bivariate and ANOVA analyses, to ensure the included analysis best reflects trends in the data. The results of these tests along with concerns regarding over-fitting informed our decision to report separate analyses. Therefore, we explored for significant differences among the variables included in Model 1 by select career and demographic variables and sector experience type in Model 2.

First, variables related to Hypotheses 1-5 and control variables were included in an ordinary least squares regression with the results found in Table 3. While the model itself was significantly better at predicting the *Years to Association Executive Position* (adjusted R^2 = 0.127, F=2.283, p=0.027 than the mean, no explanatory variables were found to be statistically significant. *Age* (control) was found to be a positive and statistically significant predictor of *Years to Association Executive Position* (β=0.436, p =0.000).

Table 2. Sector Experience Summary

Sector	Frequency	Mean Years to Association Executive Position
Nonprofit Only	49 (26.5%)	15.14
Private Only	18 (9.7%)	22.89
Public Only	17 (9.2%)	22.24
Nonprofit and Public	37 (20.0%)	23.11
Nonprofit and Private	35 (18.9%)	21.91
Public and Private	8 (4.3%)	28.50
Experience in all sectors	21 (11.4%)	22.52

A second ordinary least squares model that tested Hypothesis 6 was also run. The results are found in Table 4. Overall, the model was significantly better than the mean at predicting *Years to Association Executive Position,* explaining 8.7% (adjusted R^2) of the variability ($F = 3.915$, p =0.001). The category (comparison group) left out of the model was Nonprofit Only experience. In this instance, the mean of *Years to Association Executive Position* is statistically different between nonprofit only experience and all other sector combinations, such as for-profit and public sector work experience along with nonprofit sector work experience. The analysis found no support for Hypotheses 1-5, while Hypothesis 6 is supported.

The results show that the large differences in mean time to the executive position (summarized in Table 2) are statistically significant. In particular, individuals with experience in the nonprofit sector only reached the executive positions sooner than those with experience in two sectors combined. Hypothesis 6 is supported with these findings. In the following section, these results are discussed along with the limitations and suggestions for future research.

Discussion

With attention drawn to leadership development in the nonprofit sector, this study investigates if the credentials and experience nonprofit executives hold helped expedite their ascension to the position. Prior research from both within and beyond the nonprofit sector has shown that nonprofit executive career paths are marked by such factors, but no evidence has accrued if these factors actually contribute to nonprofit career advancement. This study examined personal factors, such as credentials and experience, that may help expedite promotion to the executive position, and contrary to expectations formed by practice and prior research, significant findings were limited. Education background and prior professional experience, aside from experience in the nonprofit sector, did not have significant relationships with expediency to the executive position. These null findings may at their face value be disappointing but, given the conjecture of what contributes to a nonprofit career path, this lack of findings proves insightful. Knowing what matters, as well as what does not appear to have bearing, helps inform leadership development initiatives about what factors should be tended to. In the following, we discuss the complexity of nonprofit career pathways and call for other research to focus on factors beyond the credentials and experience explored here.

The personal factors included in this analysis reflected the expectations of human capital theory, which predicts that inputs into human capital can produce outcomes, such as promotion. Yet with the limited contribution of these factors in pathways to the executive position, alternative explanations of what contributes to the advancement of executives should be considered. Perhaps with the expectations laden onto the executive position, some of the factors included in this analysis are treated as givens rather than as explanatory expeditors. Alternatively, some types of experience could be weighted more heavily in consideration of qualifications over others or in combination, thus mitigating the expected contributions of study variables themselves. Future research could disentangle these relationships further by

Table 3. Results of OLS Regression Analysis, Model 1

H1-H5 Predictors	β (sig.)
Graduate Degree	.699 (.221)
Management Degree	.019 (.994)
Credential	.124 (.959)
Executive Position Experience	1.587 (.522)
Second in Command	1.235 (.613)
More Than One Association	1.062 (.653)
Gender (Male)	-.763 (.736)
White	-5.732 (.218)
Age	.436 (.000)
Adjusted R^2	.128 (.027)

treating study variables used in this current analysis as interactions or as controls rather than explanatory, independent variables.

Nonprofits also are mission driven, relying on an expressive logic defined by values and service ideals (Frumkin, 2009). Therefore, it is possible mission and value alignment, which transcend any of the factors tested among these hypotheses, takes center stage in board deliberations about who to promote to the nonprofit executive position. Credentials and experience are signals to the hiring board, but boards might be responding to other signals in their hiring decision. For example, prior research by Stewart (2017) remarked on how boards leaned on their networks to help identify the executives they appointed, implying that personal connections were important signals of a candidate's capacity. To that end, we also examined relational variables in our analysis, including the role of a mentor or membership in a professional association, but neither had a significant relationship on years to the executive position. Yet, the relational variables hinted at in Stewart's research might be more intangible than this research could account for, the informal relationships that spring up in people's personal and professional lives. Additional research by Stewart et al. (2020) shed light on the various skills sets boards prioritize in their executive selection decisions, including fundraising and financial management. This study examined career factors that are viewed on a resume or responded to in a survey's checkbox, but some relational and skill signals are intangible and not easily captured in quantitative data. Future research should uncover through interviewing boards or executives precisely the factors contributing to an executive's selection, investigating if there are intangible factors or factors only known in the boardrooms where executive selections take place that matter more than the observable characteristics examined in this research study.

Literature informing this study's hypotheses is derived from research on careers and the general nonprofit sector. This research study's context of associations is particularly understudied among the diverse mission sub-sectors of the nonprofit sector, and association executives have dual responsibilities to their nonprofit's operations and their association's membership (Tschirhart 2006). This duality is not reflected in the career variables identified in the current nonprofit literature and may outweigh the importance of credentials and experience in a net calculation of qualifications made by boards. Similarly, much like the broader nonprofit sector, associations are themselves diverse. In some instances, association executives may be selected through an election process, or alternating among members or constituencies of the association. Service to the association may also be valued, which is not easily portrayed on a resume or LinkedIn profile. Finally, some associations are run by a professional association manager, a consultant managing a portfolio of associations. Association management has been recognized as a unique field with its own credentialing, certificate programs, and national association, the American Society of Association Executives.

Table 4. Results of OLS Regression Analysis, Model 2

H6 Predictors	β (sig.)
Private Only	7.746 (.007)
Public Only	7.092 (.015)
Nonprofit and Public	7.965 (.000)
Nonprofit and Private	6.771 (.003)
Public and Private	13.357 (.001)
Experience in all sectors	7.381 (.006)
Adjusted R^2	.087 (.001)

Hence, these findings point out that career factors may matter differently according to the nonprofit's context and mission area. Further, prior research by Suarez (2010) identified different career types, such as a career centered on mission expertise referred to as the 'substantive expert,' and future research should investigate if different mission sub-sectors prefer different career types for promotion to executive positions. Moreover, specific sub-sectors have created their own leadership development initiatives, such as the Diversity Education Leadership Program from the American Society of Association Executives or the Schusterman Fellowship hosted by the Schusterman Family Foundation and focused on leadership development for Jewish nonprofits. Research could look both internal to a program as well as across programs using a longitudinal design to understand the dividends these programs yield for leadership development as well as how the various selection criteria contribute to the development outcomes.

Finally, the relationships among study variables may not be linear or may be more complex than hypothesized. An assumption of the current analysis is that the presence of any study variables should decrease the amount of time to the executive position. Yet focusing on the null hypotheses still allows for conclusions to be drawn regarding the characteristics and experiences of nonprofit executives. Board preferences are complex: candidates may 'check all the boxes' of qualifications and still not be a good fit for an organization. Boards are able to test the qualifications of the candidate in the inter-personal context of the interview, and what matters on paper may look different in the light of an in-person interaction. Future research should endeavor to understand the rationale and logics of boards engaging the decision of executive selection, distinguishing the factors specific to that moment in time for the organization versus what is insightful about the executive profile and those prepared to assume the position. Related, the composite profile of an executive is more complex qualifications and background experience treated as singular variables as tested here—experience is layered along with personal demographic characteristics and experiences and mixed with the sequencing of prior career and education choices. We pose if there is opportunity for predictive machine learning or qualitative comparative analysis that could be useful to predicting the outcome of executive selection, which could inform how leadership development initiatives might be targeted to cultivate future leadership needs.

In contrast to Hypotheses 1-5, nonprofit lifers had significantly shorter paths to the association executive position (Hypothesis 6). Professionals spending their entire careers in the nonprofit sector, i.e., nonprofit lifers (Suarez, 2010), secure executive positions approximately seven years earlier than all other combinations of sector experiences on average. This finding does not elucidate the causal mechanism behind it, but perhaps the commitment of nonprofit mission-driven organizations signals they have a servant leadership style. Servant leadership, a contemporary leadership theory developed by Greenleaf (1970), focuses on an executive's ability to serve their followers and encourage personal growth, which in turn encourages organizational commitment and engagement. Given that associations may be particularly susceptible to collective action problems and the voluntary nature of participation and membership within the organization, servant leadership may be more successful than other leadership styles. Therefore, future research should investigate the type of signaling that sector experience, particularly nonprofit-only experience, sends to boards.

The findings also did not reveal significant relations of gender or ethnicity. Although this analysis has no alternative group who did not rise to the executive position, our non-findings here implies though that the rapidity with which an executive is promoted does not appear to favor gender or racial groups. This non-finding might be seen as encouragement about inclusion in the sector, but our study's sample shows a bias to White male executives. This bias even prompted us to make race a binary variable rather than a categorical variable since representation from other racial groups was limited among our sample of executives. Thus, we do not know if this lack of observed difference reported in our findings is due to equality in promotion opportunities, or instead a reflection of individual or institutional barriers preventing the promotion of leaders of color and women that this study did not illuminate. Hence, this study joins both researchers and practitioners who precede this analysis in calling for intentional efforts for equity and inclusion, focusing on barriers that we know exist in the career pipeline as well as taking a critical perspective to understand why unrepresented groups among nonprofit leadership do not rise to the top position even when all other factors are equal with those who do. For example, future research might look at the diversity of boards themselves to understand if more diverse boards have a higher propensity to promote leaders of color or female leadership.

This study is not without limitations, including lacking a counterfactual. While commonalities or shared characteristics of nonprofit executives were identified, individuals who sought executive office but were ultimately unsuccessful were not compared. Time to the executive position was used as a proxy, and this variable is insightful about professional qualities that are preferred for promotion, signaling to those who develop leadership qualities and those who select among executive candidates about qualities to emphasize. We acknowledge that an analysis of career path efficiencies (i.e., time to the executive position) by different career characteristics is an imperfect proxy for understanding the value of these different characteristics in building an executive profile as it assumes that differences in efficiencies are meaningful. A more direct comparison of those who were successful to those who were not (i.e., effectiveness) might enable comparison between certain experiences and qualifications as they relate to career pathways. Yet, we also recognize that significant differences in career efficiency exist and argue that exploring these differences gives us a more holistic and comprehensive understanding of nonprofit executive career paths.

This study's dual data collection methods mitigated the issue of differences between respondents and non-respondents, but all potential confounding variables were not controlled for given that publicly available information was relied upon for non-respondents to the survey. Internet sources were incomplete for all variables used in the analysis, and thus some variables necessary for analysis of this study's research questions were missing. Further, visible assessments of gender or race/ethnicity may be inaccurate to how the person self-identifies. The data collection techniques utilized also limited our ability to include organizational or other contextual control variables. While individual-level characteristics were the focus of our analysis, we recognize that factors such as organizational size or age, sub-sector, organizational structure, and other factors likely contribute to pathways available to individuals within those organizations to the executive position. Therefore, we caution interpretation of the findings and encourage future research in this area to consider the larger organizational context in which individuals are embedded.

Finally, given that the sample consists of nonprofit association executives, rather than nonprofit executives more generally, generalizability may be limited. Despite this, the conclusions hold value, particularly about the credentials and experience deemed necessary for nonprofit executives. Also, this limitation is mitigated to a degree since previous experience in an association was not found to expedite the path to the association executive office while nonprofit sector experience itself did. Here future research should investigate differences in management experience among different subtypes of nonprofits including associations, but also by major group (mission area) and organizational size. Although this study focuses on personal factors of credentials and experience that pave the way, we also pose that other factors, external to the person and residing at the organizational or even environmental levels, may smooth or disrupt a professional's promotion to the top and should be investigated in a study of nonprofit career promotion.

Conclusion

This study joins a body of literature that encourages nonprofit leadership development. The findings indicate the relationship of credentials and experience is complex with factors beyond a resume's listing mattering more than perhaps what credentials and experience entail. With the sector's values and contemporary calls to develop future leaders to address leadership deficits, this study's preliminary evidence of how these credentials and experience do not matter as much as a resume's contents and LinkedIn profiles would lead us to believe they do in how quickly the executive got to their position. The null findings related to education and professional experience helped rule out factors that do not contribute as much to a career pathway to the executive position, and in doing so, help point to factors and rationales for the selection of executives that future research should consider. Interestingly, nonprofit sector experience appears to signal that professionals are uniquely prepared to lead associations compared to professionals with experiences from other sectors. Future research should attempt to disentangle sector experience form other types of experience and validate precisely what experience gives nonprofit boards confidence in selecting among executive candidates. This study offers empirical evidence even in its non-findings about what contributes to an executive's promotion, and with renewed attention to the diversity of the sector's leadership, these findings help inform how systematic leadership development must attend to both tangible and intangible factors that comprise a nonprofit worker's career and background.

Notes

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The author(s) declare that there are no conflicts of interest that relate to the research, authorship, or publication of this article.

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Increasing Equitable Access to Individuals with Disabilities: Participation in Electronic Public Administration Research

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Individuals with disabilities (both physical and cognitive) constitute 15% of the global population and 25% of U.S. citizens. However, public administration has not given explicit thought to how current research methods and other data collection processes or tools might exclude individuals with disabilities. This lack of attention to research methods and instruments might impose barriers and limit access to participation for individuals with disabilities who would otherwise meet the requirements for participation within the research design. This omission undermines social equity, a critical pillar of public administration, by systematically excluding individuals with disabilities from the research process. Equitable research ensures that scholars are not excluding participants from the research *while* obtaining insights from the 'relevant population.' Current exclusionary practices raise several questions that are addressed in this essay including: (1) What are the implications of equitable access in electronic research? (2) What are the barriers of access for individuals with disabilities who want to participate in research, like surveys conducted through an electronic delivery system? and (3) What would an equitable data collection and research design look like?

Keywords: Equitable Access, Social Equity, Electronic Research, Disability Policy

Ableism, or the "stereotyping, prejudice, discrimination, and social oppression toward people with disabilities" (Bogart & Dunn, 2019, p. 650), occurs when we, as researchers, are passive or indifferent to barriers for individuals in the disability community that are inadvertently erected in our quest for knowledge. Social equity is a pillar of public administration, making the dismantling of oppressive policies and practices especially relevant to scholars in our field (Frederickson, 1990). Indeed, equity issues in public employment and public service delivery are often examined through the lenses of income, race, ethnicity, and/or gender (e.g., Garrow, 2014; Pedersen et al., 2018; Thielemann & Stewart, 1996; Wilkins & Keiser, 2004).[1] However, as Blessett et al. (2019) note, individuals with disabilities remains an understudied population, both singularly and as an element of intersectionality. The disability community represents one of the largest subpopulations in the United States (Bogart & Dunn, 2019); on a global scale, about 15% (around 1 billion people) of the world's population are part of the disability community (World Bank, n.d.). Yet, researchers in public administration overlook the experiences of individuals with disabilities by utilizing research designs and methods that inherently exclude the disability community.

Researchers may argue that there are many groups and contexts currently excluded from public administration research. This argument is true—we, as scholars of public

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Table 1. Categories of Disability (Centers for Disease Control & Prevention, 2019)

Category	Definition	Percentage of Americans with Indicated Disability
Cognitive Disability	Difficulty concentrating, remembering, or making decisions (due to a physical, mental, or emotional condition)	12.0%
Hearing Disability	Deaf or serious difficulty hearing	5.9%
Mobility Disability	Serious difficulty walking or climbing stairs	12.8%
Vision Disability	Blind or difficult seeing (even with glasses)	5.0%
Self-Care Disability	Difficulty dressing or bathing	3.8%
Independent Living Disability	Difficulty doing errands alone (due to a physical, mental, or emotional condition)	7.0%

administration, need to generate more diverse, inclusive research. However, we cannot use this argument to exclude an entire subpopulation. Exclusion occurs when we, as researchers, do not believe or recognize that individuals with disabilities are a part of the population we are studying. A common attitude towards individuals with disabilities is found in this sentiment:

> *The normal understanding would suggest that the purpose [of research] is to generate new, valid knowledge about questions that are relevant for society and science. This would suggest that inclusion of individuals with disabilities should be discussed based on representativeness. If we study CEO in municipalities, there are probably few persons in the population with disabilities while there are more if we study citizens. Making sure that citizen surveys are representative, also in terms of including individuals with disabilities, is probably much more challenging than for surveys of CEO. You cannot be a municipal CEO if you are unable to answer an online survey (personal communication to author, June 2020).*

Individuals who are municipal CEOs with a disability may not be able to participate in an online survey *because the survey itself is inaccessible*, not because the individual is incapable. Members of the disability community should be afforded *equal opportunities to participate in research*. Instead, they face barriers to participation in research due to researchers' passiveness or beliefs that members of this community are not capable. This essay serves as a starting place for scholars who seriously desire to address inequitable disparities of access in research by first reviewing access issues for individuals with disabilities in research and then identifying potential accessible solutions.

Understanding Access Issues for Individuals with Disabilities

Within the disability community, individuals often separate themselves into three categories: visible disability (i.e., an individual's disability can be easily identified by another person), invisible disability (i.e., another person cannot easily identify an individual's disability), or a combination of disabilities (a mixture of invisible and visible disabilities) (Santuzzi et al., 2014). Table 1 provides further definitions about the types of disabilities that an individual can experience—each category contains individuals with visible and invisible disabilities.[2]

Current research methods training does not adequately address how to practice and develop inclusive data collections and research designs (McCandless & Larson, 2018). In order to address this gap, I share several scenarios demonstrating how electronic research designs and data collection processes create limited access for individuals with disabilities.

- An electronic survey contains images for participants to evaluate. The study relies on the use of images for legitimate reasons, such as presenting performance information as a scorecard (e.g., Funk, 2019). However, unless images are specifically coded for a screen reader, a participant with a vision disability will not be able to access the image's content. Unable to continue forward, the participant either skips the section, provides invalid responses, or abandons participation.
- Scholars may utilize audio and video materials, as well as in-person presentations, to deliver treatments in experimental research (e.g., Jakobsen, 2013). However, individuals with hearing and visual disabilities might not be able to access material-based interventions if researchers do not provide a transcript, closed captioning, or sign language interpretation.
- Research relying on physical responses, or the physical manipulation of materials, might create barriers. For instance, scholars commonly use Implicit Association Tests to measure bias, which relies on a physical response (e.g., clicking a key) in reaction to a visual cue (e.g., Marvel and Resh, 2019). However, subjects with a mobility disability may have difficulty completing such tasks if assistive technology is not provided to complete the required manipulation.
- Interested in the effects of natural disasters on voting, scholars decide to survey citizens in a recovering community (e.g., Robinson et al., 2019). However, in the design of the project, researchers fail to account for various forms of trauma. As a result, individuals with a cognitive disability, like PTSD, participate in a survey that contains multiple unforeseen triggers creating additional psychological pain.
- Scholars commonly use names to prime race and gender in experimental vignettes (e.g., Jilke et al., 2018). Such experiments may ask respondents to recall the race or gender as a means of demonstrating the efficacy of the experimental treatment. However, an individual with a cognitive disability may struggle to recall specific details. Unable to recall answers can add to social anxiety, leading the individual to struggle to complete the rest of the survey, which, as a result, decreases their self-efficacy.
- Finally, as noted in literature on accessible research, survey questions that lack concrete references or are quite long cause problems for individuals with a cognitive disability that presents as a learning disability (e.g., dyslexia) (Wilson et al., 2013). Such individuals struggle to understand the question rendering any responses incomplete or inaccurate.

Developing Equitable Access in Electronic Research

Exclusion in research occurs when researchers design and execute projects that are inaccessible to a particular population or group nested within the population of interest (Rios et al., 2016). While traditional research can be exclusionary and inaccessible (e.g., the research lab is too narrow for wheelchairs or the consent form is only available in a paper copy), this essay focuses on the exclusion that occurs when researchers use electronic platforms and techniques. Such electronic techniques are becoming more common as scholars are increasingly relying on online participant pools and delivering surveys and experiments through electronic mediums (e.g., Stritch et al., 2017; Thomsen & Jensen, 2020) even while relying on physical tasks or responses to visual images (e.g., Marvel, 2016).

Electronic research designs are inaccessible because researchers have not learned how to operate outside of traditional approaches to research design and data collection (McCandless & Larson, 2018). Consider the analogy of the two-way radio. The person initiating communication does so with two purposes: (1) sharing knowledge, and (2) gaining knowledge. However, if the radio is not tuned to the proper bandwidth, the person initiating communication will not be able to accomplish their goal of sharing and gaining knowledge.

Furthermore, if the person seeking to gain and share knowledge only sticks to the originally programmed channel provided by the manufacturers, they may not be able to connect with a wider audience who can confirm knowledge and share new information. Currently, our electronic research designs and platforms operate only through the manufacturer's channel. We are missing those communities who fall just outside the predetermined bandwidth, merely because the technology and design of electronic research is inherently inaccessible to the radio broadcast—not because the population is unwilling or incapable of participating. This inaccessibility applies not only to surveys of general populations, but to smaller, more specialized surveys of subpopulations like students, front-line workers, and even municipal CEOs. While the statistical impact of ensuring accessible electronic research might be minimal, public administration researchers have a responsibility to create inclusive research as part of our efforts to create a more inclusive and equitable society (Starke et al., 2018; Svara & Brunet, 2020).

The need to be sensitive and responsive to accessibility throughout the process of electronic-based research is critical—barriers may exist as individuals with disabilities access the survey, share responses, and provide feedback to researchers. One might wonder how to balance providing equitable access, or the reduction of barriers to participation in electronic research, for individuals with disabilities with the limitations of time, funding, and lack of knowledge around access issues. Shifting our mindset towards more opportunities for equitable research access for individuals with disabilities, regardless of limitations, will be challenging, but must be addressed.

Equitable access can take many forms, due to the nature of the interventions or the population being studied. Ultimately, it is the responsibility of scholars to increase access through research design and data collection processes. As Svara & Brunet (2020) point out, social equity is a pillar of our field and researchers should seek to promote the values associated with equity, including fairness and justice. Individuals with disabilities should be included in our research, through conscious designs that integrate accessible technologies with research practices, as it is the ability to access the research, not the individual's capacity, which limits potential participation. There are many issues that constrain our choices as researchers outside of accessibility. All choices about research depend on the capacity of the scholar and the scope, propositions, and financial limitations of the project. These costs become more nontrivial when thinking about equitable access in electronic research.

Due to current technological limitations, not all accessibility barriers can be overcome. Researchers lack a globally accessible electronic platform to develop various forms of electronic research. Surveys created on common survey administration platforms are, by default, not accessible with users trying to navigate the survey often facing barriers like hidden screen elements or improper use of headings (Nikivincze & Ancis, 2018).[3] Many of the default settings and basic templates and question forms found on electronic survey platforms are not accessible, requiring users to exert additional effort create accessible surveys. The combination of increased expenses, demands on time, and lack of easy solutions creates a formidable challenge. Making this process seemingly more untenable is the nature of inferential statistics, and the fact that any effort to increase accessibility of a very small group might not change the results of the study.

However, as scholars in a field guided by social equity concerns, we need to consider this issue of equitable access and be aware of who is, and is not, included in our research (Blessett et al., 2019; Sabharwal et al., 2018). The best solutions to establish, expand, and maintain equitable access will not inherently change the design of the intervention or the research itself; instead, these solutions *merely alter the access to the research*. It is imperative that scholars ensure design restraints are not used as justification to exclude individuals with disabilities from our studies.

Potential Solutions to Developing Equitable Access

The development and practice of equitable access in electronic research requires the investment of a scholar's time and financial resources. While the intention of this essay is to initiate a dialogue on the issue of equitable access, there are a number of simple tactics that scholars can adopt to enhance access within their work. By offering a few practical suggestions, I hope to initiate a discussion in the field.

First, scholars can start seeking solutions by identifying who is excluded through their current research process. As is the case with most work focused on creating equitable access, a large amount of time must be invested within the design phase with equity pauses throughout the process (see Nasser et al., 2013) to demine if (a) the project is truly reflective of the population, and (b) the process provides an accessible arena. Researchers can ask the following questions when developing their research to ensure an equity mindset:

- Is this project reflective of the population?
- Are there processes that provide accessible spaces for participants in the project and with the technology?
- Do the accessible solutions implemented inherently change the research itself? Is there more that can be done?
- How will the analysis address accessibility if solutions could not be implemented per the standard of reasonableness?
- When the work is shared, will it be accessible?

As part of this larger reflection on equity in research, researchers should create space in their research for individuals to raise accessibility and inclusion issues involving visible and invisible disabilities. Most researchers work in an organization with a professional human resources office or, in the case of universities, a disability resource and access center. These offices can serve as a gateway to identifying the common challenges, technology, and best practices in creating accessible research. Alternatively, a peer, who openly identifies with their disability, may be willing to share their perspective and other expertise from their lived experience, but researchers should be cautious not to place the responsibility of accessibility on their peers or professional resources. These resources serve an educational purpose, specific to the scholar's research, to assist in identifying the equitable access barriers that exist and the feasibility of potential solutions.

Removing Specific Barriers for Individuals with Disabilities

Many solutions to visible disabilities are easier to generate, monitor, and implement, since technologies and accessibility options already exist. When addressing access for individuals with visible disabilities, scholars might consider utilizing specific research tools and techniques that create accommodations related to vision, hearing, and movement. For example, when using audio or visual clips, researchers should provide a transcript of the audio for individuals with a hearing or vision disability (Power & Jürgensen, 2010). If data collection relies on a large amount of text, scholars should use software, like a screen reader, to check for accessibility barriers. Researchers should be innovative in providing ways for participants to indicate the need for additional time, utilizing headings in a survey to guide a screen-reader or allowing participants to record their answers through an audio or video platform (Dorigo et al., 2011). While no online platform universally addresses the various accessibility needs of individuals with disabilities, scholars can utilize evaluations, like WAVE from WebAim, to see where their platform of choice succeeds, and fails, in adhering to internationally recognized Web Accessibility guidelines (Centeno et al., 2006; Gottliebson et al., 2010).

Researchers may have a harder time anticipating accessibility barriers for individuals with invisible disabilities, who may struggle with communication barriers, temporal order comprehension, anxiety about survey participation, task-frustration, and/or fatigue (Nicolaidis et al., 2020). Each of these challenges requires careful attention to the design, format, and structure of electronic research. One straightforward method is to incorporate both qualitative and quantitative questions within an instrument—a mixed methods approach allows individuals who may struggle understanding a scale to provide insights into their experiences (Kroll, 2011). Scholars could reach out to individuals with invisible disabilities to test questions prior to implementation in order to identify potential problems (Wilson et al., 2013). Additional accessible solutions include using simpler sentence structures, providing opportunities to pause and come back to the survey/experiment, or utilizing visual scales (Dorigo et al., 2011; Nicolaidis et al., 2020). Scholars can also create accessible data collection tools by using audio alternatives, in partnership with text-based instruments, ensuring large-print text is available, and selecting strongly contrasting colors (Todis et al., 2005; Wilson et al., 2013).

Conclusion

If we truly believe in social equity as a core principle of public administration research, we have a responsibility to provide accessible material so that individuals with disabilities can participate fully in the research process. When carefully considered, virtual participation in research may allow for the participation and inclusion of individuals excluded by traditional methods. Scholars should be willing to consult with experts on equitable access during their research design and utilize techniques to prevent the creation of additional barriers to participation. The effort required to develop equitable and accessible research should never be used as justification for exclusion. When we inadvertently exclude individuals, what is the implication for our research? Is it possible that, by failing to consider individuals with disabilities within our research, we are placing limits on external validity?

Scholars cannot consider every possible contingency but taking the time to develop an equity perspective in research leads to an equity mindset. Taking small, actionable steps moves us towards a more inclusive research practice. However, that very action does not call for true inclusion, as equity does not equal inclusion. In the long term, the process of research needs to be adapted, in order to establish equitable access in electronic research for individuals with disabilities. Scholars should be reflective in ensuring that the tools and technology used to provide access are functional in practice. If the scholar finds that they are unable to overcome the barriers of equitable access, they should be willing to share these challenges and any potentially excluded subpopulations as part of their findings.

Scholars serious about social equity provide space *within* their research to consult with individuals with disabilities to create accessible research design and processes. Equitable access ensures that research designs are providing true access, not creating additional barriers or new levels of distrust through unintentional harm. Researchers are encouraged to examine their current and past research to determine how to improve. When scholars create the time and space to provide equitable access in electronic research, a more accurate understanding of the world will emerge.

Notes

1. The intersection of disability is an important area of study as individuals with disabilities are more likely to be impoverished, elderly, female, and/or from communities of color (Cigler, 2007; Fuller-Thomson et al., 2009; Mendes de Leon et al., 2005; Rios et al., 2016; Warner & Brown, 2011).
2. Individuals with invisible disabilities make up the largest part of the disability community (Centers for Disease Control and Prevention, 2017). Within these categories of disabilities,

a range of physical and cognitive function exists, from low levels to moderate or severe levels of disability, which may place them in the category of vulnerable populations presenting researchers with the obligation to avoid manipulation or coercion. Institutional Review Board (IRB) and other informed consent guidelines might prohibit the participation of members of vulnerable groups (e.g., those who cannot give informed consent).
3. While survey platforms may provide help guides or accessibility checkers, these tools focus mostly on increasing access for individuals with a vision disability.

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Pivoting Services: Resilience in the Face of Disruptions in Nonprofit Organizations Caused by COVID-19

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The COVID-19 pandemic is an unprecedented global event that has sent shockwaves through every aspect of the economy. The nonprofit sector has been dealt a double hit—relying on donations in a time of economic hardship while being on the frontlines of the response to increased need. Previous studies have shown that COVID-19 has impacted nonprofits in numerous ways; however, the majority of studies have focused on the financial impact. Using a resilience framework, this study adds to the literature by analyzing how nonprofits have dealt with the loss of services, what it has looked like to pivot and adapt to this new environment, and what impact the loss of volunteers has had on organizations. In this qualitative study of 12 nonprofits in the Southeast United States, we find that while the organizations do talk about financial strain, equally as stressful has been the loss of face-to-face services. Nonprofits are used to being on the frontlines of most emergencies, and in this pandemic, many have struggled to keep their workers safe by following health guidelines while also serving their clients. The inability to meet with clients and the stress of pivoting to an online environment is as great or greater of a burden as the financial impact.

Keywords: Nonprofit Programming, COVID–19, Organizational Resilience, Loss of Services

Introduction

The Coronavirus Disease (COVID, COVID-19) and subsequent public health restrictions have affected all sectors of the economy since March 2020. Nonprofits, by their nature, are not profit-seeking, and they depend on a steady flow of income from donors, grantors, and fee-for-service. In times of economic downturns, this sector can be significantly affected, as we saw most recently during the Great Recession (2007-2009) (Lin & Wang, 2016). As Pena et al. (2014) point out, the financial impact and uncertainty can endure long after the initial disruption.

There have been several recent studies demonstrating the impact of COVID on nonprofits. The Nonprofit Institute developed a survey that was shared and used by many agencies and universities to better understand the impact of COVID, which to date, nearly all 50 states have some data on. Though experiences of nonprofits differ based on subsectors and location, there are two predominant themes: decrease in revenue and changes in service (need and delivery). A meta-analysis of available data (Stewart et al., 2021) shows that nearly all nonprofits have

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experienced a decrease in revenue due to cancellation of events and services (fee-for-service) and a decrease in general donations. Across the board, nonprofits either experienced an increase in need of services while not having the resources like personal protective equipment (PPE) to provide them, or a decrease in services due to school closures, health concerns, etc.

However, most of what we know about the impact of COVID is from the survey by Stewart et al. (2021) that was used to assess the impact of this event. In this study, we take a deeper dive into the lived experiences of the workers on the front lines of nonprofits. Further, while the surveys show economic impacts, the impact on direct services is an unexplored area in this literature. The disruption to services has been a unique aspect of trying to maintain services during the COVID outbreak.

While there have been other disruptions in the history of United States nonprofits, COVID stands out as unique because there was a compounded effect of loss of financial resources, increased demand for services, as well as the unique addition of health restrictions that often limited the contact the workers had with their clients and pushed them to adapt in novel ways. In this study, using a resilience framework, we assessed how nonprofits dealt with trying to continue to work with clients in the midst of issues like losing some of their services due to shutdowns, adapting and pivoting to remote work and remote delivery, and dealing with the loss of volunteers.

Literature Review

Impact of COVID on Nonprofits

The Nonprofit Institute developed a survey that was shared and used by many agencies and universities to better understand the impact of COVID. To date there have been studies done for all 50 states with a total of over 23,000 nonprofits responding (Ashcraft & Bencomo, 2020; Branyon et al., 2020a; 2020b; Brown et al., 2020; Dietrick et al., 2020; Driver et al., 2020; Ihrke et al., 2020; Stewart et al., 2021). Overall, these studies have found that nonprofits have struggled with a decline in revenue. For example, a February 2021 survey of nonprofits in East Tennessee reported a total revenue loss of \$12.5 million in 2020 with 76% of nonprofits expecting a total loss of \$4 million in revenue typically procured from events (Alliance for Better Nonprofits and United Way of Greater Knoxville, 2021). Those hurting the most were often smaller organizations (who typically survive on a more limited budget) and arts and education organizations—many who rely on revenues from performances or services and have not been able to open or operate since March (Driver et al., 2020).

These existing studies found there was a drastic decrease in donations (Ashcraft & Bencomo, 2020; Driver et al., 2020; Ihrke et al., 2020) and a significant decrease in fee-for-service revenue, including loss of program fees for arts and humanities organizations (Ashcraft & Bencomo, 2020; Driver et al., 2020). Brown et al. (2020) found in April 2020 that while 72% of nonprofits in the Brazos Valley (Texas) were confident of their ability to pay employees in the next four weeks, it dropped to 45 percent in the following month with arts, culture and humanities, human services, and health subsectors being hit the hardest. Furthermore, a follow up study released in December 2020 reported 40% of respondents had reduced paid hours while 27.9% had laid off employees with Black, Latinx, and POC-led nonprofits disproportionately impacted (Center for Nonprofits and Philanthropy at Texas A&M, 2020). Branyon et al. (2020a) found similar results for Alabama and Georgia. They discovered the top three concerns were decline in donations, loss of revenue due to event cancellations, and delayed grant processing. One nonprofit shared:

> *Under the COVID-19 pandemic our organization has actually seen a tremendous increase in services and*

> *participation. With that increase in services, there has also been a significant rise in expenses. However, while expenses are rising, we are seeing a decrease in funding from grantors and also from internal fundraisers* (Branyon et al., 2020a, p. 10).

In a follow-up survey conducted by Branyon et al. (2020b) in October 2020, nonprofit respondents echoed the same financial woes, with a decline in donations, loss of revenue due to the cancellation of events, and revised grant terms from funders as their top three concerns. In a December 2020 survey of Florida nonprofits, 71% of respondents reported a decrease in revenue from the previous year (Florida Nonprofit Alliance, 2020), and 26% of nonprofit respondents in Utah shared their organizations would not survive the pandemic (Utah Nonprofit Association, 2021).

Recent scholarship about nonprofits has also emphasized the *financial impact* of COVID on nonprofits (Johnson et al., 2020; Kim & Mason, 2020; Maher et al., 2020). Kim and Mason (2020) studied the impact of organizations having a financial reserve. Maher et al. (2020) wrote about how local governments and nonprofits have reacted to fiscal constraints. And Johnson et al. (2020) discussed how nonprofits are affected fiscally when there is a time of instability for the country. A study released in December 2020 by the Florida Nonprofit Alliance (2020) found that half of organizations with financial reserves had tapped into them by the end of the year, while 29% of responding organizations had no savings, leaving them especially vulnerable.

While it is clear through all the studies that nonprofits are impacted financially, what is less discussed in the scholarship is the impact that the loss of direct services and ability to meet face-to-face has had on these organizations. Many of these organizations depend on in-person contact to deliver their services or goods. Whether they are a human services agency or an arts/culture agency, having to figure out how to pivot to an online environment has been a source of immense stress. For some organizations, it has meant a complete loss of some or all of their services. A survey of Connecticut nonprofits revealed that organizations with a budget under $1 million were twice as likely to experience a reduction in services—48% versus 21% (CT Community Nonprofit Alliance, 2020). In addition to logistic constraints, nonprofit employees and volunteers falling ill with coronavirus or quarantining after exposure impacted mission delivery. In March 2021, 63% of South Carolina nonprofits surveyed reported an impact on mission delivery due directly to the medical impact of COVID-19 to their personnel (Kahle & Roderick, 2021).

Though most of the previous survey findings stressed the financial impact, there were some notable findings about services as well. Branyon et al. (2020a) discovered that only 20% of nonprofit respondents in Alabama and Georgia were confident in their ability to provide services between May and June 2020 due to stay-at-home orders and health and protection concerns, including a lack of personal protective equipment (PPE). As a result of these restrictions, some nonprofits found a way to adapt by transitioning to online platforms, setting up food and supply drives, and raising money for relief funds (Branyon et al., 2020a). In their follow up survey taken in October 2020, Branyon et al. (2020b) found that 70% of nonprofit respondents were still delivering services at a reduced capacity.

Comparison to the Great Recession

Perhaps the most recent disruptive event we can compare COVID with is the financial crisis of the Great Recession. Lin and Wang (2016) focused on the financial strategy of nonprofits who weathered the disruption and found that during times of economic hardship, more fundraising is generally not effective. Rather a strong, multi-year funding relationship can provide more stability. A study by Salamon et al. (2009) found that almost all nonprofits reported financial strain during the Great Recession, with over 40% reporting it as severe or very severe.

We can see that during COVID there has been a very real fiscal impact similar to that of the Great Recession. There are also similar trends as service provision needs increased during that time as well. Bridgeland et al. (2009) found that while many nonprofits were having to make cuts due to decreased funding during the Great Recession, the need for services increased. Between 2007 and 2008, Arizona reported an increase of 100% in people seeking services, and 70% of Michigan nonprofits saw an increase in demand for client services while at the same time 50% of nonprofits shared that their financial support had decreased. The United Way saw a 68% increase in calls, up to 15,000 calls every month, as people found themselves out of work and needing to provide for their families.

Organizational Resilience

Because COVID is a time of great instability and disruption to the nonprofit world, we chose to focus on a resilience framework. Throughout their lifetime, businesses, nonprofits, and other organizations will all face times of unanticipated setbacks. These disruptions may be unique to the organization, such as a fire, or may be more widespread, such as the Ebola outbreak or the financial crisis. Resilience is the ability to deal with disruptive events that affect the operation of an organization (Somers, 2007). Coutu (2002) wrote that resilience consisted of the ability to face reality, search for meaning, and improvise through the disruption.

In a literature review of organizational resilience, Rahi (2019) found that there were two main dimensions of resilience: awareness and adaptive capacity. Awareness is defined by ability to read the environment and the changes coming in tandem with the knowledge of the organization's capacity and abilities. Adaptive capacity is the ability for organizations to respond when faced with a disruptive event. Further, in their literature review of organizational resilience within the health care sector, Barasa et al. (2018) found that there was planned resilience (preparing for crisis), adaptive resilience (adapting to acute or chronic stressors), and everyday resilience (adapting during everyday disruptions or stressors). Specific to nonprofits, Witmer and Mellinger (2016) used Coutu's (2002) work as a guiding framework and found six themes related to nonprofit resilience: commitment to mission, improvision, community reciprocity, servant and transformational leadership, fiscal transparency, and hope and optimism.

Of these findings about resilience, the most interesting in light of the COVID crisis is the adaptive piece—what Rahi (2019) labeled adaptive capacity and Barasa et al. (2018) labeled adaptive resilience. Rahi identified six indicators within the literature of adaptive capacity: mobilization of resources, employees' engagement, leadership, access to information, decentralized decision-making, and organizational analytical capabilities.

The impact of COVID-19 on the financial stability and sustainability of nonprofits appears to follow other disruptions that have been studied with a novel difference. During other disruptions there were setbacks or unexpected events that put a strain on the organizations; however, during COVID, many nonprofits felt the dual squeeze of more need with less revenue *along with* added health and delivery restrictions, heightened health protocols, or stay-at-home orders.

This unique difference of nonprofits being in high demand while being restricted physically in their service provision is virtually unprecedented in the modern age of nonprofits. We wanted to learn more about the impact of the various shut down orders and subsequent reduced services on nonprofits, specifically those in the region of East Alabama and West Georgia. This is an area that is mostly rural, and most of the nonprofits we interviewed work with minority and marginalized populations. To better understand not only how nonprofits have been impacted, but also how the clients they serve have been impacted, we needed to hear from the nonprofits themselves. Nonprofits exist to meet the needs of specialized populations that are not being served by other areas. So how are these clients faring in the face of potential cuts to services? Finally, this study aimed at better understanding how those who work for nonprofits are adjusting. Nonprofit workers, typically used to interacting with clients on a daily basis, are often being asked to pivot drastically in the way they are working. Like other industries, nonprofits are being asked to work from home and transition to new technologies amid homeschooling and household responsibilities, and we wanted to better understand what this pivot has looked like.

Using the concepts of resilience laid out by Rahi (2019) and Barasa et al. (2018), we specifically wanted to learn more about how organizations talked about the *adaptive capacity*, or ability to transform or adapt, within the context of this unprecedented, unforeseen event.

Data and Method

Data Collection

To recruit for the study, a call for participants went out through an email list to 130 nonprofit affiliates of The Cary Center for the Advancement of Philanthropy and Nonprofit Studies. The Cary Center is an academic center within Auburn University's College of Human Sciences serving a wide variety of nonprofit organizations including Arts, Culture, & Humanities, Education, Environment, Health, Human Services, and Funding Intermediaries. Recruitment was also posted on a Facebook page for Nonprofit Professionals of Lee County and Surrounding Areas and on the authors' personal Facebook pages.

We had 17 people respond to our request, and we interviewed 12 nonprofit leaders in Central and East Alabama and West Georgia. This is a response rate of approximately thirteen percent. Our sample includes two nonprofits in Arts, Culture, & Humanities; two in Education; one in Environment; one in Health; five in Human Services; and one is a Funding Intermediary. Of those we interviewed, most were smaller nonprofits. Three had budgets of $250,000 or less, seven had budgets of $250,000–$1,000,000, and two had budgets of over $5,000,000. Nine of the organizations employ five or less people, two employ 6-20, and two employ more than 20.

Of the 12 organizations, seven received funding from the Paycheck Protection Program (PPP) through the CARES (Coronavirus Aid, Relief, and Economic Security) Act. One organization that did not receive CARES funding mentioned that they received financing from a disaster related grant during this time. The other organizations either did not feel the need to apply for PPP or they did not know about it until the money had already been dispersed. Because the interviews took place during the Fall of 2020, the second round of the PPP funding was not available yet.

Interviews were conducted during Fall of 2020. Because of this, when we talk about COVID and its impact, we are discussing the period from mid-March until the end of October. In Alabama, the governor issued a public health emergency order closing most non-essential businesses on March 19, and a 'stay-at-home' order was then issued on April 3, which kept all non-essential businesses closed. On April 20, the 'stay-at-home' order expired, and the state moved into a 'safer-at-home' order, opening more businesses and retailers at a limited capacity with health and safety regulations in place. On May 21, the governor revised the safer-at-home order, allowing businesses and organizations a little more flexibility but still had health and safety regulations around capacity and social distancing. On July 15, a statewide mask mandate was added to the safer-at-home order. This amended safer-at-home policy, along

Table 1. Description Table of Participants

Org	Type	Employee Size[1]	Revenue Size[2]	Main Impact of COVID
1	Human Services	Medium	Medium	Loss of direct contact; Loss of services
2	Human Services	Small	Small	Funding; Fundraising
3	Education	Small	Medium	Funding; Fundraising
4	Human Services	Small	Medium	Funding; Direct Services
5	Funding Intermediary	Medium	Medium	Funding; Need to direct money out
6	Education	Medium	Medium	Loss of direct contact; Pivot work environment and services
7	Human Services	Small	Small	Loss of direct contact; Need to pivot work to meet COVID needs
8	Environment	Medium	Medium	Funding; Fundraising
9	Arts	Small	Small	Funding; Loss of fee-for-service
10	Education	Large	Large	Loss of direct services
11	Human Services	Large	Large	Increased need for services
12	Health	Small	Medium	Loss of direct services

Notes: 1. Employee Size: Small: 0–5 ; Medium: 6–20; Large: over 20
2. Revenue Size: Small: under $250,000; Medium: $250,000 to $1,000,000; Large: over $1,000,000

with the included statewide mask mandate, was the policy through the end of our study period of late October.

All but one of the organizations were in Alabama. One nonprofit was in Georgia where the COVID policies were different (they had a limited shelter-at-home order, which was much shorter, and they never had a full state mask mandate). However, this nonprofit was an environmental organization that had limited direct interfacing with the public.

Interviews lasted approximately an hour each. Because of COVID restrictions, all interviews were conducted over Zoom, recorded, and transcribed. The interviews were structured into an introductory or background section and three main sections of questions from a leadership perspective: how COVID has impacted their organization, how they view COVID has impacted their clients, and how COVID has impacted them as workers. All interviews took place in the Fall of 2020. The full interview protocol can be viewed in the appendix section.

Using a grounded theory approach (Corbin & Strauss, 2014; Crestwell & Poth, 2018) we initially used an open coding strategy. During the months the interviews were taking place, we took notes about themes that were emerging and discussed those with each other. Once the interviews had completed, we initially analyzed only four interviews to determine emergent themes and categories. We then compared the themes we found, resolving differences among them and establishing a set of codes to use for remaining interviews. Once the thematic codes were agreed upon, both researchers coded all 12 interviews using NVivo software.

Overall, the primary way organizations discussed how COVID had impacted them related to programming. Of the 12 organizations, nine said the biggest impact was the effect on loss of in-person programming, while only three said the biggest impact was on funding. Among those who stated funding as their biggest issue, two talked more about the loss of potential revenue due to lack of in-person fundraising and loss of contact with both funders and clients. The third discussed a loss of funding due to a complete loss of fee-for-services revenue. While these are about funding primarily, they also relate back to the impact of not being able to meet, do programming, and socialize in-person.

This paper illuminates three common themes that emerged about programming and services:

1. Loss of Programming: This code was defined by comments related to the way programming had been interrupted or declined due to the stay-at-home or safer-at-home orders.
2. Adapting/Pivoting: This code was defined by comments related to organizations having to shift some aspect of their programming, including delivery, technology, or goals. It also included ways that workers themselves had to adapt to a new work environment.
3. Loss of Volunteers: This code was defined by comments related to the impact of not being able to utilize volunteers and the impact this had on the organization.

Findings

Loss of Programming

When asked in the beginning of the interviews how COVID affected their organization, interviewees first described the paralyzing shock. Initially, most thought that perhaps they would be staying at home for a few weeks. Programming was at a virtual standstill for most organizations in the beginning months of March and April. They thought they could pause services and wait out the pandemic. Almost all the direct service, education, and arts organizations talked about how their programs were at a complete shut-down in the initial stages of the pandemic. For human service organizations, without being able to see their clients face-to-face, some organizations really did not know how they would be able to continue to provide services. For education organizations, most were unsure how to offer their services while schools had shifted to an online environment. Arts and culture organizations, most of whom operate on a fee-for-service model through performances and events, were also not sure how they were going to keep the organization running with all gatherings completely halted. One organization described it saying, “COVID has, it’s closed it all. It stopped it. That’s pretty much it” (Interview 9). Another organization half joked, “not technically, but it felt like we were put out of business” (Interview 1).

Many were faced with both a loss of face-to-face services and an increased demand for services, especially in the initial months of the pandemic. One example of an organization that felt this in a very real way was a food insecurity nonprofit. They had to navigate a rising need for food supplies in the community while also working with a nationwide food distribution shortage. They stated:

> *In March, you know, we just kind of watched with great dismay, as we’re starting to hear more and more about what was happening. We also experienced a number of our agencies who were having people coming to them, just really desperate for food being…I think, so many people were afraid that we were literally going to run out of food, and they weren't going to be able to eat. So, there was a huge bump up in request for food. But as we watched…I could show you a picture of what our warehouse looked at the beginning of this pandemic and*

> *then a month into it, and it's just like my racks are just getting so empty and has just really starting to panic over that, you know. So, we actually had the finances, but I couldn't buy the food anywhere. I couldn't buy it from the local grocery stores. I couldn't buy it from the Sysco's and places like that. It was just like, really, really scary* (Interview 11).

During the early phases of the shutdown, many organizations had to rely on what Witmer and Mellinger (2016) labeled 'improvision.' Faced with the initial lack of information and shock to the system, they had to immediately begin to rethink their delivery of services to their clients as well as what services they were able to offer. For many, this improvising meant they may try new things, come against a wall, and then have to rethink again. One arts organization stated they had tried virtual events, but they had not gained much traction: "But as far as offering anything to the public…we have tried virtual events, and it has just been…for the most part a waste of time" (Interview 9).

Even into the Fall of 2020, which is when most of the interviews took place, many organizations were still operating at a reduced capacity. Some had returned to working in person, but many had not. Many were not meeting with clients or were meeting with them at a greatly reduced capacity. An advocacy organization we spoke to described that they had not been able to meet any legislators since March and had to move their advocacy days to an online event. Another organization that works with clients who are incarcerated stated that they had not been able to see their clients in person since March, and they did not anticipate being able to return in person anytime in the near future.

The inability to conduct services face-to-face seemed especially salient given that many of the clients the nonprofits were serving were in a disadvantaged population: rural, incarcerated, minority, and/or living below the poverty line. Though some nonprofits were able to transition some services to remote, they were not always able to serve their clients due to connectivity and availability. One nonprofit expanded on this challenge saying:

> *The majority of our work is often in person, because we have to go into communities that don't have connectivity, don't have the internet. The problem has been getting into communities like immigrant communities with undocumented workers who already, understandably, don't trust the system, and finding ways to recruit individuals to go into those communities, get the information, the needs, and communicate that back with us so that we can do the work that we want to do (*Interview 9).

Nonprofit leaders spoke to us about the heartbreak of knowing their clients were being affected and having unmet needs while they were often not able to help with direct services. One organization who works with rural minority clients said:

> *In immigrant communities this is a worst-case scenario. With a number of undocumented workers working in meatpacking plants, and COVID 19 [moving] through those [communities], and then there's no government support. There's no stimulus check. There's none of those things. A lot of times their churches are their support system. Churches are shut down, and they're out there*

> *alone. I don't know how it could get much worse for some of these communities* (Interview 9).

This speaks directly to what Rahi (2019) found as an indicator of adaptive capacity—mobilization of resources. The ability to mobilize the resources inside and outside the organization to face needs during times of distress or disruption. This, in a very real way, was what these organizations were facing: how to think outside the box to meet the needs of their clients in totally new and different ways with health restrictions in place.

As an example, one of the organizations we spoke to who serves incarcerated clients felt like they kept hitting walls when trying to communicate with their clients. They tried to set up a phone account so their clients could call them but were told they could not. They then tried mailing resources to their clients, and sometimes they would receive them and other times they could not. Ultimately, they were able to secure a COVID grant from a church and a foundation. They bought new teleconferencing equipment for the prison, and they were able to begin to teleconference with their clients:

> *We set up a call with the prison warden, and the deputy commissioner and asked them, "What can you think of that that we could apply for this money that's COVID related?" They said that they would be very interested in having teleconferencing equipment, because they had some outdated equipment that no longer worked and they really had no way for people working inside or living inside the prison to connect with the outside world now that everything was shut down. So, we applied for three or four grants to fund the purchase of equipment and software to allow us to also utilize it to teach our classes and to see our clients* (Interview 1).

Adapting/Pivoting

For many organizations we spoke to, after the initial shut down, and once states moved to modified health and safety restrictions, they realized COVID and in-person restrictions were going to last a while. Many then began to think about their work in a completely new way. They transitioned as best they could to a virtual environment doing everything from purchasing equipment to holding virtual group sessions on a secure connection. They also created virtual book clubs for clients to connect and bond and to hold virtual performance events. When asked what the biggest impact was for them, one organization said:

> *Technology. Figuring out ways to work through texts, like do what we do through technology because we can't do it in the community. Education on technology and how to reach the community in a different way, how to use technology in a different way* (Interview 10).

This meant for some that not all the services they typically provide would be available. It also meant for many that their programs might ultimately not have the same effectiveness nor achieve the same outcomes.

This brought up another concern that many expressed, which was being able to fulfill the programmatic outcomes that they had projected on their grants. Fulfilling grant obligations was a major concern for those who rely on grant funding. Some were concerned that the grantors would be sympathetic but still expected them to accomplish their goals. Others expressed concerns that even if they were able to meet the guidelines for this year, or if their grantors were lenient this year, that their numbers of clients served and client hours would still be down for next year's grant cycle. Further, some organizations felt limited by their grant restrictions, which would not allow them to buy PPE and other necessities in order to be able to serve their clients. This relates to the mobilization of resources indicator for adaptive resilience from Rahi (2019), as this is an area where nonprofits were uniquely constrained to not be able to adapt. Though they could call and ask for flexibility from their grantors for how they used their money, they were restricted in their flexibility to mobilize all of their financial resources in a way that a private company would not be. In some ways, this could be a limiting factor for nonprofits to be able to be as resilient as the private sector when they are bound by restrictions because of their funding.

Many nonprofits realized that they needed to completely shift their services and venture into some new areas. One organization organized a mask drive; another organization who had previously been more of a supply intermediary for distributing food supplies began to hold events to directly distribute food themselves since so many other agencies were closed. The funding intermediary nonprofit we spoke to decided that since they had a reserve fund, they would distribute small grants to local nonprofits to help them purchase PPE and buy other supplies for returning to in-person services. They stated:

> *We knew that nonprofits were going to be really hurting for money because the regular donations almost dried up immediately, and nonprofits could not have their scheduled fundraising events that a lot of them rely on. So, we knew we needed to jump in. We started off with one track of funding, which was for immediate needs for these nonprofits' clients—direct aid to individuals or families for their basic needs and welfare and safety. We also set a limit on the dollar amount, per grant, but then an organization could receive up to four of those grants. [Later,] we opened a second track of funding that is for organizational needs as they adapt to the pandemic. So, it's not just for loss of operating, or for loss of contributions, but it's for dollars that they are having to spend directly for changes to meet all the standards that they have to meet* (Interview 5).

For those who were able and had the flexibility of unrestricted funding or support from their funders, this was a time for them to rethink, at least temporarily, how to provide for their community. In the cases where nonprofits had flexibility to adapt and/or they saw the need to add new services or get into new areas, they were tapping into the leadership indicator that Rahi (2019) found highlighted in the resilience literature. This is the degree to which leadership is able to decide how to balance operations focused on normal daily operations versus special operations needed due to the disruption. This ability to decide how to split the focus of services during a disruptive time can be an important key to resilience.

One benefit that some nonprofits discussed that came with the loss of face-to-face services is the ability to focus more on administrative matters that typically get pushed aside or put in the background. Nonprofits are often mired down in the day-to-day operations of fulfilling their missions. For many, this means that other obligations like administrative duties, social media, or strategic planning might be put in the background. For several participants we spoke to, part of the pivoting they mentioned meant learning new technology, being able to focus more on grant writing, or having to revisit some of the tasks they had put off for a long time. For others, it meant being able to think about the future and 'dream big.' One organization described it this way:

> *So, as we saw what was happening, we said, you know, this may be an opportunity to work on some infrastructure things, something that we feel like we never can get to because we're just running…you know…a hundred miles an hour. …So, we're working on things like our strategic plan, our planning, and our processes…we're cleaning up our website, you know, things that everyone can do from home* (Interview 4).

In addition to the organizations having to pivot, the workers had to pivot as well. Considerations around the emotional wellbeing of your employees is critical to consider. Employees' engagement was another one of the indicators found in Rahi's (2019) survey of the resilience literature. Buy-in from the employees during times of disruption is an integral component of the organization's ability to weather an unforeseen event. And, in this case, a lot of the buy-in was related to the transition to working from home. Overall, at least initially, most participants indicated that they had been less productive working from home. Some of this seems to depend on whether the organization was already used to working from home and whether the workers had school aged children or not. One participant described his schedule like "playing Tetris with his day" (Interview 9), trying to fit in home and work life. Sharing workspaces with family also proved to be a challenge with spouses and children often competing for space at kitchen tables while juggling competing Zoom calls. For some workers, balancing everything meant helping their children during the day and working late at night to get all of their work done. With the stress of working from home, there seemed to be a theme of the emotional toll that balancing everything seemed to take on some workers. This toll was further complicated by feeling isolated from their colleagues, even if they might be meeting on Zoom. One organization discussed this, saying:

> *I would say we operated at very high efficiency, given the circumstances, but clearly struggled. The mental health of my team. The emotional wellbeing. The just day-in, day-out management of (an) organization is really challenging when you can't see them face-to-face, particularly when our office culture is very much collaborative and community* (Interview 6).

Integrating working from home also had advantages for some. Those organizations that were already used to working remotely at least in part struggled less in the beginning, while others were working through the transition. For some workers the flexibility of hours of productivity—early mornings, late nights, and weekends—was a benefit many respondents expressed interest in keeping post-COVID.

Loss of Volunteers

One of the ways nonprofits weathered the Great Recession, according to Salmon et al. (2009), was by cutting administrative costs and relying more heavily on volunteers. However, during COVID-19 one of the biggest impacts several nonprofits spoke about was their inability to use volunteers. Due to health restrictions and concern for sharing the virus, moving toward a more volunteer-centric work force was not an option. In fact, several organizations had to completely shut down their volunteer programs.

Two organizations we spoke to were working directly on building projects. They often rely on work teams from local churches or, in the summer, teams that come from out of town to work and stay for a week or so. During the summer of 2020, they were not able to host teams and subsequently many of their active projects were not able to be completed. For one organization, this meant that they had to focus on only one site rather than multiple sites, and for the other, they had to pay building contractors to complete the work, which meant going over budget and over their projected timeline. One organization commented:

> *Before COVID, we were supposed to have 400 volunteers come in to stay with us that we would host, and they would sleep on our site and we would feed them. So, all of that had to go away. None of our summer programs were anywhere near the level of what we traditionally had. We actually hosted one out-of-town team of about 13 students. We had one other team that were local, so they didn't stay overnight. You know, when you go from 400 to 20 that's a pretty big impact* (Interview 4).

Another organization that ordinarily relies very heavily on volunteers stated:

> *We saw our volunteer force fall away right away because, you know, a lot of our volunteers were older, and you know they're in that high-risk group so our volunteer program shut down for a time. We also rely heavily on students, and so when everything shut down and we lost a lot of our volunteer force. We did at that point then bring in three people through the temp service to help to supplement with the operations in the warehouse* (Interview 11).

Not only could nonprofits not use additional volunteers as a way to conserve finances, their normal volunteer forces were reduced during the COVID pandemic. The reduction of volunteers meant that they had to either reduce services or spend out of pocket on an unanticipated expense of having to hire temporary workers to meet the demand. This is a component that is unique to both nonprofit organizations and to the time of COVID. No other previous disruption has caused limitations on the organization in this way, and this disadvantage in the inability to use volunteers is unique to the nonprofit structure.

Conclusion

This study aimed to gain a thicker, richer understanding of the experiences of nonprofits who are working through COVID shutdowns and restrictions and the impact that the loss of face-to-face services had on their organizations. Previous studies on COVID and other periods of disruption have often highlighted the financial impact nonprofits have had to endure and the strategies they have used to endure. While we recognize that this is a big burden that these organizations have, perhaps a parallel burden is how to provide services during this unique pandemic disruption. Nonprofits are on the front lines to help those in need, and during COVID they have faced the double impact of not being able to provide in-person services while also often facing an increased need from the community. This ability to balance the ongoing, normal operations of an organization with the needs created during an unforeseen event is the essence of the leadership indicator of resilience Rahi (2019) spoke of in times of adaptation.

For nonprofit leaders who work in direct, typically face-to-face service, they had to rethink delivery methods as well as learn how to pivot and serve their clients with reduced access. Some were able to gradually determine what this looks like, though most were still not operating at full capacity as of Fall 2020. Nonprofits were being asked to adapt their programming as well as their work environments. For some, this personal transition was complicated by the shutdown, also forcing workers to negotiate a very complicated work/life balance. However, some were able to venture into new service areas they were not previously working in, and others used COVID as a time to regroup, restructure, and focus on new challenges.

An additional burden for organizations was the reduced ability to rely on volunteer services. This ability to utilize free labor is a strategy that many nonprofits depend on to keep their overhead low, especially during times of economic loss. However, when they were forced to stop using volunteers altogether, organizations had to either reduce services or hire some of this work out at increased expense.

This study helps bring to light the journey that many nonprofits went through from the initial state of shock and shut down to beginning to strategize and learn how to pivot and still be able to meet the needs of clients as much as possible. This transition came during a time when governments were requiring limited face-to-face interactions, needs for services increased, and funds often decreased. This transition affected the services nonprofits were able to provide, affected the clients they were serving, and affected the workers of these nonprofits. How the nonprofits made this transition, how they were able to balance their operations between new services due to COVID with current operations, how they were able to marshal resources internally and external to the organization, and the buy-in emotional health of the employees are all critical components found in the resilience literature (Rahi 2019). While this event has been unique and unprecedented in many ways, there are many lessons and themes that can readily be applied from previous work on resilience.

Study Limitations

This study focuses on a specific area of the United States. With a limited sample, we realize that there may be limited generalizability. Secondly, we realize that while many of these organizations serve minority and underserved communities, the sample of nonprofit leaders we interviewed were not an ethnically diverse sample. This may also limit our generalizability to a larger audience. However, we believe that this study helps lay the groundwork for understanding how nonprofits were able to move through the COVID crisis and add to the literature by highlighting lessons about resilience during an unprecedented time of disruption.

Implications for Practice

Disruptions and unforeseen events will always happen. Organizations do not know what they will face, but these events are often inevitable. Previous research has emphasized the need for preparation and flexibility in these times (Barasa et al., 2018; Coutu, 2002; Rahi, 2019; Witmer & Mellinger, 2016). Those who are better equipped to weather the storm are those who are able to balance attention between their day-to-day services and services needed during the disruption. This requires strong leadership from the top as well as buy-in from employees.

Another key aspect of the ability to weather a disruption is flexibility in the management of resources (Rahi, 2019). Coutu (2002) speaks to the need during a crisis to "continuously improvise" (p. 1). One of the interesting findings from the study was the unique financial constraint that nonprofits have in a time of crisis. Several nonprofits shared the burden that grant restrictions have had on them when faced with the need to pivot or change services. This has highlighted the need for flexibility from funders and the need for unrestricted grant funding. Several nonprofits mentioned the difficulty of spending within the parameters of grants during this critical time. From being able to purchase PPE in a timely manner to having to put their entire mission on hold, nonprofits have been tied up in red tape while trying to provide what is best for their clients. For those who were unrestricted by grant parameters, they were able to be nimbler in their ability to serve the community. By allowing unrestricted funding, organizations can be more agile in meeting needs in the moment.

Another key aspect of resilience is employee engagement (Rahi, 2019). While it felt like many nonprofit workers were engaged in providing services the best they could, the burden of work-life balance was often hard for workers to manage. This research aligns with other research highlighting the need for careful attention to mental health (Cook et al., 2021; Hamouche, 2020), especially for those working with vulnerable populations. Mental and emotional health are emerging topics as the world experiences pandemic fatigue. The burden of health and safety of ourselves and others, remote learning, and the inability to socialize and live as we once did has become a burden. Nonprofit workers are experiencing this stress on top of the inability to provide services as they once did as well as the pressure to pivot to an accessible platform. They see the need for basic needs and childcare increasing while watching the virus spread throughout their communities. Organizations should consider building in mental health days and providing mental health services to help staff cope. Burnout and overextended workers are common in the nonprofit world, and it is imperative that directors and managers are paying attention to this and helping their workers stay as healthy as possible.

Finally, this work has highlighted the need for contingency operations planning for nonprofits. Previous research (Bridgeland et al., 2009; Lin & Wang, 2016; Kim & Mason, 2020) highlighted the importance for financial contingency planning and its contribution to financial resilience during economic hard times. In the same way, operations contingencies are needed within organizations. We understand that this can be very difficult, and no one could have predicted a world-wide event like COVID. However, history has shown us that there will be upturns and downturns, and nonprofits should prepare for this as much as they are able. One final aspect that the resilience literature speaks to is the need for organizations to reflect and learn after the disruption is over (Duchek, 2020; Rahi, 2019). This time of disruption may serve as a time to reflect about whether this virtual model is serving them well and if there are parts of their new programming that they want to adopt for the future.

Disclosure Statement

The author declares that there are no conflicts of interest that relate to the research, authorship, or publication of this article.

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Appendix

Interview Protocol Form: Nonprofits in the Time of COVID

Interviewer:
Survey ID: _
Survey Section Used:

A: Interview Background
B: COVID
  1: Nonprofit Work
  2: You as a Worker
  3. Your Clients
  4: Funding
  5: Moving Forward

Teaching, Learning, and Assessment Interviews

Introductory Protocol

To facilitate our note-taking, we would like to record our conversations today. For your information, only researchers on the project will be privy to the recordings which will be eventually destroyed after they are transcribed. You have been given consent information to meet our human subject requirements. Essentially, this document states that: (1) all information will be held confidential, (2) your participation is voluntary, and you may stop at any time if you feel uncomfortable, and (3) we do not intend to inflict any harm.

Thank you for agreeing to participate. We have planned this interview to last one hour to one and a half hours. During this time, we have several questions that we would like to cover. If time begins to run short, it may be necessary to interrupt you in order to push ahead and complete this line of questioning.

Introduction

You have been selected to speak with us today because you have been identified as someone who worked for a nonprofit or funding agency during Alabama's initial "Stay at Home" orders, and subsequently under the current "Safer At Home" orders. Our research project as a whole focuses on the ways the disruption of COVID-19 has impacted nonprofits in Alabama. Throughout the research we will often refer to "COVID" or "COVID-19"and its impacts. When we do this, we are not asking about the disease itself, rather about the impact and repercussions that it has had on different aspects of our society.

A: Interviewee Background
1. What is your current position?
2. How would you describe the size of your nonprofit?
3. How long have you been...
   a. in your present position?
   b. at this nonprofit?
4. Can you briefly describe the work your nonprofit does?
5. Briefly describe your role in the nonprofit.

B: COVID
1. Nonprofit work

a. Describe how the disruption of COVID has impacted the work your nonprofit does.

Probe: How it was affected by stay at home vs. safer at home?

Probe: Have client services increased, decreased or shifted focus? In what capacity?

2. You as a worker
   a. Please describe how COVID has impacted you as a worker?

Probe: Do you feel you have more productive, less productive or about the same?

3. Your clients
   a. Please describe how COVID has impacted your clients?
4. Funding
   a. Describe how COVID has impacted your funders and funding?

Probe: Were you ever afraid you would be laid off or have to lay off workers?

Probe: What was the greatest impact to funding? (loss of services, loss of funding, economy, etc.)

Probe: Have you applied for any emergency funding specific to COVID (i.e. the CARES Act, Community Foundation grants, etc.)

1. Moving Forward
   a. What do you feel like are your top needs during this time?

Probe: Describe how you anticipate the nonprofit moving forward and the impact of COVID on your organization in the future?

Post Interview Comments and/or Observations:

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Vol. 7, No. 3

Power, Participation, and Protest in Flint, Michigan: Unpacking the Policy Paradox of Municipal Takeovers by Ashley E. Nickels

Angela M. Eikenberry – University of Nebraska at Omaha

Nickels, A. E. (2019). Power, participation, and protest in Flint, Michigan: Unpacking the policy paradox of municipal takeovers. Philadelphia, PA: Temple University Press. $32.95 (Paperback). ISBN 978-1439915677.

Keywords: Municipal Takeover, Local Government, Social Equity, Democracy

Power, Participation, and Protest in Flint, Michigan: Unpacking the Policy Paradox of Municipal Takeovers, by Ashley E. Nickels, is a timely examination of municipal takeover in the United States, primarily focused on Flint, Michigan. Municipal takeover is the term used by the author to describe Michigan's 'emergency manager law,' which enables Michigan to appoint an emergency manager to run a city such as Flint, essentially suspending the governing authority of local elected officials. This work is timely because of the attention Flint, Michigan has received for its toxic water quality—a problem which persists—due in large part to decisions made by the state-appointed emergency manager. It is also timely as the nation confronts (again) ongoing systemic racism, which also played a role in the water crisis in Flint. The book is important for bringing light to these issues, and for contextualizing municipal takeover and the situation in Flint within larger debates in the field of public administration, related to the powers of states versus local governments, technical rationality versus politics in public management, efficiency versus democracy in policy making, and development versus social equity in local planning.

The book is organized to give both a historical and contemporary view of municipal takeovers in Flint, addressing the main question: How does the implementation of municipal takeover reshape local democracy? The book addresses the research question through a policy-centered single-case research design, with Flint as the case. Data were gathered through documentary evidence, observation and field research, and formal and informal interviews with dozens of people associated with groups such as government officials, citizens, activists, philanthropic funders, and nonprofit leaders. In addressing the research question, Nickels shows the inherently political nature of municipal takeovers, and their political implications. This is the 'policy paradox' noted in the book's title. Building on Deborah Stone's concept, the book shows how municipal takeovers do not avoid politics; rather, they create new politics. These new politics lead to shifts in who gains or loses power in the local community (and state) and has implications in subverting local democracy.

One set of institutions of particular interest to me that Nickels focuses on are philanthropic foundations. She shows in her findings how philanthropic foundations and other elites appear

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to gain additional power from municipal takeover. Due to its history in car manufacturing, Flint is home to several large philanthropic funders—the Charles Stuart (C. S.) Mott Foundation being the most prominent. As described by several of those interviewed and quoted in the book, through its funding, the C. S. Mott Foundation "has significant influence in determining what does and does not happen in the city" (p. 83), shaping local power structures and development patterns. The book describes how organizations such as the C. S. Mott Foundation, as well as the local Chamber of Commerce, and other local elites, were able to shape the emergency manager's agenda (p. 161), focusing on development, efficiency, fiscal stability, and managerial solutions to problems, as opposed to addressing the structural issues that created these problems in the first place. Nickels shows how these elite groups ultimately benefited under municipal takeover at the expense of local citizens' democratic engagement (and physical health).

One of these structural issues is systemic racism. Nickels notes that municipal takeovers have primarily been applied to majority-black cities by a mainly white state government, highlighting how racism plays a role in the power the state exerted over local governments through the emergency manager law. In the case of Flint, "explicit and implicit racism created community divisions along racial lines" (p. 70) that continues today and was brought up in most of Nickels' interviews. The application of the emergency manager law meant that mostly people of color lost their right to elect representatives with local power to make local decisions. As Nickels notes, citizens "lost their voice involving civic matters" (p. 150), "disproportionally impacting communities of color" (p. 152).

Often, research in our field, dealing with public administration issues such as municipal takeovers, are approached as seemingly apolitical technical problems. Nickels avoids this, doing an excellent job of revealing the political nature of municipal takeovers and how problems posed as technical or managerial are political. She also engages the voices and perspectives of not just public administrators, but also the citizens and activists impacted. This work is a model for other public administration scholars who must do better to consider the context and paradoxes of problems caused by political, social, economic, racist, or other structures. Others agree, as this book has already received awards from the American Society for Public Administration's Section on Democracy and Social Justice and the American Political Science Association.

Local and state government elected officials, activists, and students would benefit from reading this book. It would be an excellent addition to any urban or local government, planning, or policy, or philanthropy course. It would also pair well with other books addressing issues of systemic racism and governance, such as *The Color of Law: A Forgotten History of How Our Government Segregated America,* by Richard Rothstein, which provides an important history of how racism has and continues to shape our cities and is at the base of many of the fiscal and political challenges faced by cities such as Flint.

Disclosure Statement

The author declares that there are no conflicts of interest that relate to the research, authorship, or publication of this article.

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Angela M. Eikenberry is D. B. and Paula Varner Professor in the School of Public Administration at the University of Nebraska at Omaha. Her research focuses on the social, economic, and political roles of philanthropy and nonprofit organizations in democratic governance.

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Citizen Participation in the Age of Contracting: When Service Delivery Trumps Democracy

Carl J. Gabrini – Dalton State College

Amirkhanyan, A. A., & Lambright, K. T. (2018). Citizen participation in the age of contracting: When service delivery trumps democracy. New York, NY: Routledge. $43.63 (Paperback). ISBN 978-0367371708.

Keywords: Citizenship, Participation, Engagement, Democracy

Citizen Participation in the Age of Contracting: When Service Delivery Trumps Democracy examines how and why public and private managers look to engage citizen participation in contract governance. Beginning in the 1960's two trends emerged: government contracting with the private sector for social services delivery and opportunities to engage citizens in governance. The authors' study focuses on the nexus of these trends by examining the use of citizen participation in social service contracts. The authors' literature review makes up the first two chapters. They summarize their methods in the third chapter, presenting them in greater detail in the appendices. They discuss the study's results in chapters four through eight. The authors' overall conclusion is that contract managers have not effectively engaged citizens in contract governance.

The authors arrived at their overall conclusion using information from 93 semi-structured interviews of government, not-for-profit, and for-profit contract managers selected from a sample of six counties across four states in the Northeast United States. The managers oversee contracts for delivery of human and social services between the counties and private contractors. The 93 interviews included 55 private managers and 38 government managers. The authors conducted telephone interviews using one of two question sets depending on whether the subject was in the private or public sector. They coded and analyzed the transcripts using qualitative analysis software based on the major and minor themes found in their extensive literature review.

I consider the literature review the strength of the book. Chapter one presents a comprehensive examination of the evolution of citizen participation in the United States. The authors take readers on a tour of U.S. history paralleling the evolution of citizen participation and the development of public administration. They describe the formative years as one dominated by wealthy landowners. Jacksonian Democracy provided citizens with increased access to government decision making and employment. The start of the industrial revolution and the growth of the nation saw the rise of a Progressive Movement and focus on a professional administration. Next followed a period emphasizing democratic ideals and the

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use of mechanisms designed to collect and use citizen feedback to manage government programs. New Public Administration (NPA) dominated the next period in U.S. history. The highlight of the NPA period included Lyndon Johnson's Great Society and the rise of the human and social service programs that are the focus of the authors' research. New Public Management (NPM) became the next major period with a focus on efficiency and effectiveness. During this period, citizen participation was deemphasized at the federal level but became a more dominant feature of local governance. The authors assert that NPM gave way to New Public Service after the work of Denhardt and Denhardt (2000). The focus of this period is on citizenship, community, and civil society. The authors finally arrive at the present, labeling the first 20 years of the 21st Century as the Age of Contracting.

The authors present a review of the literature focusing on citizenship in action in the second chapter. The authors choose to apply a broad view of citizenship in their study. One that includes behavioral, social, economic, and demographic characteristics. The authors next describe five roles citizens play in a democracy: acting as mere subjects, voters, customers or clients of services, interest group memberships, and more involved activism. They posit that citizenship is not static but dynamic. A citizen's characteristics and the types of issues influence the degree or level of their participation and its intensity. The authors assert that organizers need to consider this when deciding on the methods of citizen participation to employ. The traditional mechanisms of participation named by the authors include public hearings, community meetings, citizen advisory boards, surveys, and citizen-initiated contacts. Using their interviews of government and private contract managers, the authors look to understand how privatization or contracting of public services influences citizen participation, both the level and intensity, and whether contracting results in the use of non-traditional mechanisms of participation.

The authors conclude that citizen engagement is valuable but limited by the choice of engagement mechanisms and their focus. The authors reveal in chapters four and five that public and private contract managers make limited use of innovative engagement techniques. The authors also point to the limited amount of empirical research available focusing on the effects of mechanisms and the extent and intensity of participation. In chapter six, the authors address the cost of engagement. Citizen engagement in contracting has high transaction costs associated with a perceived loss of managerial control over the program and longer decision-making windows. Other challenges include the citizen's willingness to engage in and whether they have enough knowledge about the services. The authors also note that prior research reveals that citizen motivation to engage is based on self-interest rather than the public good. The focus of chapter seven is on the motivation of managers to engage citizens. The authors note the prevalence of certain motivating factors, including the desire to engage citizens on treatment decisions, improving administrative processes, and program promotion. The authors conclude that engagement is more symbolic than operational or strategic. In chapter eight, the authors note that their interviews revealed contract managers focused more on customer service issues such as service quality and offerings rather than sharing in governance issues. Managers, they conclude, are missing an opportunity to engage citizens more deeply in governance instead of merely meeting managerial goals and objectives.

The findings from the interviews illustrate that engagement of citizen participation in contracts for social services is underutilized. Private and public managers use citizen input mostly for program delivery issues such as the quality and variety of services offered, effectively reducing the input to 'customer service' evaluations. Managers are not using citizen engagement effectively in strategic planning and decision making. This missed opportunity points to a need to focus attention on how to move beyond the more traditional mechanisms used to obtain citizens' inputs and increased innovation on how it is employed. There are several thoughts left for the reader to consider. There is still much to learn about citizen engagement and participation, and what we know comes exclusively from the management or program side of the equation. Little of the research looks at engagement and participation from the citizens' point of view. Practitioners need to think creatively in their efforts to engage citizens in contract governance. I highly recommend the book to practitioners and students because of its thorough literature review and interesting conclusions. It will not surprise anyone who reads it but should encourage students and practitioners to think 'outside the box' on citizen engagement.

Disclosure Statement

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