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INSTITUTIONALISM: INTERGOVERNMENTAL EXCHANGE, ADMINISTRATION-CENTERED BEHAVIOR, AND POLICY OUTCOMES IN URBAN AGENCIES

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ABSTRACT

This article inquires about the sufficiency of institutional exchange theory in explaining the impacts of intergovernmental power structure on agency policy making. Based on rational behavior, transactional exchange, and game playing, this so-called new institutionalism points to the degree of autonomy held by an agency in its collaboration with other government jurisdiction as a principal determinant of a patterned bias in agency policy outcomes. The author first summarizes theory arguments and derives hypotheses about agency outcomes that are skewed to favor some interests over others. He then reports results of a multiple regression analysis of a sample of forty-two transit agencies. Findings indicate that institutional exchange matters a good deal more than alternative theses, but the theory does not fully explain specific relationships.

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For many years, *institutionalism* has been a primary means of applying organization theory to public administration. More recent interest, however, is sparked by growing complexities and increased outcome uncertainties associated with American federalism's shift toward tighter coupling of intergovernmental processes. Spurred by diminishing resources, the "reinvention" of government, and a desire for better policy integration, agencies are propelled toward more collaboration among policy makers of widely different persuasions. Selznick (1996, 275) characterizes this new reality as a "chaotic" situation and argues it creates "the prevalence of incoherence" that accompanies increases in "multiple rationalities and negotiated authority."

But incoherence between processes and outcomes may not be due entirely to a chaotic situation. It also may be the result of a fogged conceptual lens. Institutionalism is a body of theory many had hoped would better predict outcomes for the new

reality. Its application to intergovernmental exchange, however, has received minimal empirical attention. While the theory's basis in rational choice and game theory is compelling, hard evidence of its application is mostly lacking in the area of intergovernmental power and transactional exchange.

In response, this article is a comparative inquiry into the "new" institutionalism's application in predicting policy outcomes from intergovernmental exchange. This aspect of the theory focuses on the structure of power and autonomy in exchanges between an agency and surrounding intergovernmental actors. The article specifically addresses theoretical sufficiency in explaining why an agency skews outcomes toward different policy emphases, where the available choices of emphasis are between bureaucratic growth, operational efficiency, and social-program effectiveness.

The article first sets out a comparative framework of these three types of policy outcomes. It then summarizes those concepts of institutionalism relevant to intergovernmental exchange and derives hypotheses regarding an agency's choice of outcomes. In judging their predictive sufficiency, the study employed multiple regression in the analysis of forty-two urban transit agencies in large metropolitan areas.

INSTITUTIONALISM AS A RECENT DEVELOPMENT

Although institutionalism is not new, recent versions focus attention on the emergence of distinctive structures, processes, strategies, and competencies as they form around interorganizational *exchanges* (E. Ostrom 1986 and 1995; Powell and DiMaggio 1991; Pfeffer 1990; Moe 1990; Williamson 1990; Chisholm 1989; Shepsle 1989). Much of the power and motive to participate in such exchanges is based on a need to acquire essential but scarce resources (especially fiscal and statutory). For this reason, the application of institutional exchange theory to intergovernmental power also incorporates the concept of "resource dependence" (Yamaguchi 1996; Pfeffer and Salancik 1979).

Attention to institutionalism in American public administration goes back at least to Selznick (1949), but more recent interest in its policy-making implications was highlighted by Rosenthal (1984), who characterized structure and management of intergovernmental exchange as potent determinants of policy outcomes. From the exchange perspective, other administrative agencies and legislatures serve as a focal agency's institutional environment, providing an authority structure "of rules, procedures, and arrangements" (Shepsle 1986, 53) which mandate

"prescriptions about which actions are required, prohibited, or permitted" (E. Ostrom, 1986, 5).

Concern about the impact of institutional exchange on policy outcomes is especially acute in urban administration, where tax reductions and several pieces of recent omnibus legislation brought together dissimilar agencies in tighter webs of policy interdependence. Take, for example, the Intermodal Surface Transportation Efficiency Act (ISTEA), first passed by Congress in 1991 and reauthorized in 1998. In making policy, transit agencies are required to engage nontransit policy makers from land use, environmental, health, and other welfare agencies. In part, ISTEA operationalizes this interaction by passing much fiscal and planning control—formerly held by largely autonomous transit agencies and the Federal Transit Administration (FTA)—to a metropolitan planning organization (MPO), a consortium that was authorized by Congress in 1973 and consists mostly of local political actors.

ISTEA's mandated shift in intergovernmental authority places a greater burden on the transit agency to design transit policy consistent with multiple and often conflicting public contexts and statutes. With a bleak fiscal outlook and reduced intergovernmental autonomy, the typical transit agency is placed in the position of having to broker its organizational aims and form strategic alliances with a much more diverse institutional network of organizations and resource bases.

How well does the "new" theory prepare us for understanding the policy implications? In this example, institutional exchange theory suggests that tighter coupling of intergovernmental actors increases constraints on a focal agency's administration-centered behavior by rendering some of its choices unviable, precluding particular courses of action, and modifying patterns of resource allocation. However, one wonders whether the theory adequately predicts how tighter coupling specifically alters an agency's policy outcomes.

POLICY OUTCOMES FROM MULTIPLE PERSPECTIVES

Exchange theory assumes multiplicity in the institutional environment by identifying the public agency "as a going concern, taking account of relevant stakeholders, attending to long-run interests, being sensitive to the operative structure of authority" (Selznick 1996, 272). However, with multiplicity come differences among stakeholder perspectives, resulting in disagreement over the net benefits provided in a pattern of policy outcomes. This means the distribution of costs and benefits

among stakeholders has no purely technical solutions that provide inherently correct or proportioned policy outcomes. As a classic policy analysis problem, the goodness of outcomes in a plural setting of contentious public interests cannot be estimated by sizing up outcomes from a pinnacle interest-at-large. In accord, this study substitutes a *multiple perspectives* framework, antecedents of which are found in public policy (Boschken 1994; Bozeman 1988; Wachs 1985) and in administrative science (Tsui 1990; Cameron 1986).

The specific framework adopted here places different policy outcomes in a direct comparative context structured by two dichotomies—one between administration-centered interests and external political-centered utilities, and one concerning whether the interests are focused on strategic or operational agency policies (Boschken 1992). This approach provides an opportunity to compare policy makers' priorities in choosing who gets what (Levy, Meltsner, and Wildavsky 1974), and it allows the analysis to concentrate on *patterns of outcome emphasis* rather than on a single measure of goodness. It therefore differs from single-norm analysis found in most studies of efficiency (e.g., Lave 1994; Downs and Larkey 1986), effectiveness (e.g., Chubb and Moe 1990), and innovation (e.g., Clark 1994).

The framework's unit of analysis is *outcome skewness* and consists of dependent variables that represent different types of performance. Skewness does not imply black and white results, but unbalanced or asymmetrical patterns, where a bulge of emphasis represents a disproportional apportionment to one perspective in a field of competing perspectives. Variance in policy outcomes, therefore, is observed when one agency skews outcomes to favor, for example, bureaucratic efficiency while another skews results to emphasize social-program effectiveness.

Possible skewed patterns in this comparative framework are composed of three types of agency outcomes, each fostered by a different set of stakeholders. The first and second types—labeled outcomes of *strategic organizational effectiveness* and *operational efficiency*—are preferred by management stakeholders located at different levels within the focal agency. The third perspective—labeled outcomes of *social-program effectiveness*—is the principal interest of nonmarket service user constituencies. The first two are administration-centered outcomes, whereas social programs reflect a political-centered concern for socioeconomic equity.

Strategic organizational effectiveness is most often associated with a senior management focused on the vitality of the organization *as a whole entity*. With its substantial professional

stake in agency eminence, this executive stakeholder promotes bureaucratic status and overall budgetary growth (e.g., Niskanen 1971). After all, senior management is the specific designee charged "with identifying new strategies and new projects that will add to the organization's overall strength" (Doig and Mitchell 1992, 21). A strategic organizational focus would therefore want to emphasize growth in agency revenues, high customer acceptance of provided services, and evidence of strong market penetration. These measures fit a standard of organizational effectiveness because they show "the ability of an organization to exploit its environment to obtain resources, while maintaining an autonomous bargaining position" (Mindlin and Aldrich 1975, 382).

Operational efficiency, on the other hand, addresses the transformation of resources and is the domain of middle and lower management charged with controlling process flows in daily matters. Operational outcomes are about "efficient ways of bringing services to the public" (Doig and Mitchell 1992, 21), where emphasis is observed in the minimizing of cost per unit based on "adherence to engineering standards, accounting rules . . ." (p. 25). Included in this perspective are costs of administration, service delivery, and facilities maintenance and replacement.

The administration-centered outcomes differ from one another in managerial function and motivation, and both are contrasted with the third outcome perspective of social-program effectiveness. In Bozeman's framework (1988), the administration-centered outcomes gain legitimacy from economic proficiency criteria, whereas social programs are legitimated by political exchange processes. For nonmarket or political-arena constituencies, social programs provide results that generally would not be available through natural markets either because those who want such outputs do not have the means to pay, or because the costs and benefits of such outputs cannot be meaningfully associated by a market transaction.

Since not all nonmarket demands are legitimate and worthy of governmental response, criteria for social-program effectiveness often must be determined by legislative mandates, court tests, and interagency agreements. Examples of legitimated public demands that support this outcome perspective in transit range from services provided to the handicapped under the Americans with Disabilities Act to broader programs that promote economic development and mobility for the urban poor.

By threading together the above outcome perspectives (henceforth called outcomes 1, 2, and 3, respectively) into a policy-choice field, the framework makes possible a comparison of agency policy making according to different patterns of outcome emphasis. These differences in patterned skewness provide the empirical basis for an examination of how well institutional exchange theory explains variance in agency policy outcomes.

INSTITUTIONAL EXCHANGE HYPOTHESES

Applying institutional exchange theory to intergovernmental relations produces some critical hypothetical connections with policy making. For example, the thesis paints a picture of a focal agency that is embedded in an interactive "multi-organizational system" (Chisholm 1989) whose transacting actors are coupled by resource interdependencies. For the agency to prevail in emphasizing its preferred administration-centered outcomes in the face of this institutional environment, application of the theory would further claim that policy making is a function of the agency's *relative positional power* in intergovernmental exchanges (Yamaguchi 1996; Coleman 1990). Responding to what Shepsle calls a "game form" (1989, 135) of policy making, the agency will make and seek concessions on policy outcomes subject to its perceived positional power relative to other intergovernmental actors with which it interacts (Shepsle 1986; Boschken 1988; V. Ostrom 1973).

Positional power has to do with an agency's relative proximity to or control of the critical resources that are needed to carry out its organizational strategies and manage its operational processes (Williamson 1990; Oliver 1991; Pfeffer and Salancik 1979). Such power is also contingent on the location of critical resources relative to each other in the field (i.e., concentrated vs. widely distributed resources) and on whether those resources have substitutable alternatives (i.e., sole-source or plural). Following on this, Agranoff and McGuire have argued that "organizational performance is as much a function of where and how a particular organization *lies* within a [policy arena] as it is the actions of the organization itself" (1993, 8; emphasis added). By defining *lies* as a focal agency's position of governmental authority relative to an intergovernmental system's overall locus of power, one may reasonably deduce that any focal agency holds some degree of *autonomy* to act in that system.

Benson defines autonomy, one type of relative power, as "a claim [by the focal agency] permitting the performance of activities independently, without supervision, direction, or shared

authority by another agency" (1975, 232). The more autonomy a focal agency has in dealing with others, the greater its opportunity to achieve emphasis in its preferred policy aims with minimal compromise in intergovernmental exchanges. Moreover, since the exchange thesis assumes rational administration-centered behavior (Shepsle and Bonchek 1997; Yamaguchi 1996; E. Ostrom 1995), the more autonomous agency can be expected to pursue those policy outcomes that maximize its continued access to critical resources (i.e., fiscal and statutory). For example, Niskanen (1971, 210) expects an administration-centered agency to seek revenue maximization and cost minimization in its negotiations with intergovernmental actors. The emphasis of strategic organizational effectiveness and operational efficiency therefore should be a dual aim and not paradoxical for the rational administration-centered agency. This policy duality is recognized in the following two administration-centered hypotheses.

Hypothesis 1: The greater the autonomy a focal agency has in policy-making exchanges with its intergovernmental partners, the greater the outcome emphasis will be on its strategic organizational effectiveness (outcome 1).

Hypothesis 2: The greater the autonomy a focal agency has in policy-making exchanges with its intergovernmental partners, the greater the emphasis will be on its operational efficiency (outcome 2).

However, when the locus of intergovernmental power is well outside the focal agency's reach and requires considerable sharing of policy discretion, a condition of reduced autonomy exists. Moreover, when concurrent authorities are able to exercise veto powers, the focal agency's required "compliance is a loss of discretion, a constraint, and an admission of limited autonomy" (Pfeffer and Salancik 1979, 95). As encroachment on agency discretion widens, a shift in policy emphasis to political-centered outcomes should ensue. Downs and Larkey argue that when an agency is subject to a large sheaf of legislative mandates, intergovernmental agreements, and on-going interagency exchanges, "administrators must function within a web of rules and statutes whose primary purpose is not to achieve [the agency's preferred outcomes] but to ensure stability of service, accountability, and equality of treatment" (1986, 45).

An administration-centered agency is not as motivated to adopt such measures without intergovernmental influence because the outcomes may be only a tangential part of its organic mandate or not economically advantageous to its bureaucracy. This can be

understood in two lights. First, social programs seldom spring from a market transaction of willing self-interested parties. Instead, they are found in the public domain of political exchange, which results in intergovernmental mandates and funding opportunities. Such instruments usually are either regulatory or distributive (Dye 1966), the latter of which Altshuler claims is "particularly attractive to politicians in a highly pluralistic system" (1979, 67). For example, to obtain broader political support at the local level, ISTEA ties federal capital funding for transit to a mandate that requires a 10 percent set-aside for non-transit co-lateral expenditures. These social programs involve incurred costs by the focal agency, but the welfare benefits may be only vaguely associated with those costs. Hence, *voluntary* adoption of such tangential programs by the focal agency would be unlikely without federal requirement, especially when resources are tight.

A second deduction is that the greater the number of governmental agencies that constrain the focal agency, the more likely broader representation of interests will occur in its policy making (Buchanan and Tullock 1965; V. Ostrom 1973). Turk (1970), for example, found that a richly connected interorganizational network reduced agency autonomy and broadened the types of agency outcomes. In urban transit agencies, Fielding (1987, 229) found that "taking care of the customer is important, but it is also essential to be attentive to the desires of [political actors]."

Both applications of institutional theory suggest that more intergovernmental involvement reflects a locus of power external to the focal agency, which results in reduced autonomy. The implication for choice of policy emphasis is hypothesized as follows:

Hypothesis 3: The lower the autonomy a focal agency has in exchanges with its intergovernmental partners, the greater the agency's emphasis will be on social-program outcomes (outcome 3).

The three hypotheses comprise a thesis that high focal-agency autonomy in intergovernmental exchanges contributes to a *skewed pattern of outcomes* consisting of emphasis on the administration-centered outcomes of strategic organizational effectiveness (outcome 1) and on operational efficiency (outcome 2), and a concomitant deemphasis on social-program effectiveness (outcome 3). Low focal-agency autonomy leads to a pattern with a political-centered emphasis on social-program effectiveness. From the perspective of institutional exchange theory, based on rational

behavior, the thesis seems self-evident. But can it be demonstrated alongside rival causal interpretations?

RIVAL THESES

Much of the research on urban administration and policy sees public agencies as captives of the aggregate socioeconomic and physical structure found within their individual urban milieu. Wise (1990, 142) claims that many scholars historically "considered institutions to be irrelevant and concerned themselves with such environmental determinants of policy as demographics, economics, and political influences of interest groups." The issue persists, however, as to how much and in what ways institutional exchange in intergovernmental networks matters relative to these traditional theses. To examine the exchange thesis comparatively with the urban context literature, four rival theses are posed as alternative explanations for skewing policy outcomes.

The first rival is *bureaucratic affiliation*, which argues that governmental authority is hierarchically arranged within principal-agency relationships (Meltsner 1976; Goodsell 1985; Chubb 1985; Cook and Wood 1989). The thesis has institutional origins and could be treated as another aspect of intergovernmental exchange, except principal-agent relationships involve delegation of bureaucratic authority while an agent's authority is neither separate from nor concurrent with that of its principal. If the focal agency exists as a line department of a larger general-purpose authority (i.e., a big city bureaucracy), then it holds little statutory independence and administrative identity of its own. As a consequence, it cannot be said to act for itself in intergovernmental exchanges, but instead as an agent within the purview of its principal's authority.

This leads to an expectation that the principal-agent relationship may cause different policy emphasis than the independent specialized authority dealing with a general-purpose bureaucracy as an external intergovernmental actor (Doig and Mitchell 1992; Leigland 1992). Specifically, independent specialized agencies exhibit high boundary integrity (i.e., dedicated organic authority) and will be more enterprise oriented, more strategically focused, and hold more agency-based professional identity than will line departments of a consolidated bureaucracy (Green and Fleischman 1991; Rubin 1989; Boschken 1988; Danielson and Doig 1982; Walsh 1978).

In contrast, a line-department agency must refer, and often defer, to the principal authority and may be obliged to protract deliberations and expend additional resources in the process of

"go between" in responding to market dynamics and intergovernmental exchanges. This may be further compounded if the principal is a politicized bureaucracy, as is often the case in big city government. Hence, lower statutory independence from a general purpose bureaucracy may create a drag on deliberations that results in a deemphasis on operational efficiency and a simultaneous emphasis on social programs.

The three other rival theses speak to urban *preconditions*, which include the physical form and general socioeconomic makeup of a city (Giuliano and Small 1992; Green and Fleischman 1991; Cervero 1991; Deakin 1990; Webster and Bly 1980). Although they are not defined as identifiable external actors, urban structure presents nonnegotiable opportunities and limitations on skewing policy outcomes. However, what these preconditions predict for particular outcome emphasis varies by rival thesis.

One of these is the underclass thesis (Clark 1994, 21-78; Nivola 1979; Lineberry 1977), which argues that policy outcomes are distributed according to class distinctions that are measured typically by race or ethnicity. Describing a "double standard," Lineberry argues that the thesis assumes a zero-sum allocation where "them that has, gets" (1977, 61). In metropolitan areas with higher white populations, this may result in citizen preferences for a lower tax incidence (and subsequent deemphasis on bureaucratic growth) and reduced spending levels for programs that mainly benefit the underclass.

A second urban rival is the wealth thesis (Schneider 1989; Clark and Ferguson 1983; Peterson 1981; Dye 1966). While sources of wealth also include intergovernmental subsidies, much of the literature concentrates on local tax revenues derived from income of the metropolitan population. This thesis posits that agencies spend money according to the aggregate level of economic resources available to them. Hence, as a rival thesis on the skewing of outcomes, it argues that agencies in wealthier metropolitan areas are more likely to allocate spending to emphasize bureaucratic eminence.

The third precondition rival is the land use thesis (Cervero 1991; Timms 1971; Burgess and Bogue 1967) which describes a relationship between urban physical configuration and the level of public expenditures required to service the population. In transit, for example, it is believed that a center-peripheral pattern of activity facilitates organizational effectiveness (outcome 1 emphasis) and operational efficiencies (outcome 2 emphasis). Heavily populated corridors and points of critical mass (as found in Cook

County-Chicago) allow deeper market penetration, more concentrated use, and economies of scale. Urban areas with nonparametric patterns (as in the Los Angeles basin) often have agencies with extensive but inefficient and little used service because few concentrated corridors exist to augment high loads. Urban sprawl therefore results in deemphasis of administration-centered outcomes.

One argument not included as a rival is the *interest group* thesis, which argues that organized nongovernmental actors directly influence policy outcomes. Interest groups are not included because their presence per se has no monolithic influence toward any particular policy emphasis. Certain groups advocate administration-centered aims while others demand external political-centered outcomes. Moreover, exchange theory incorporates an indirect influence for interest groups by viewing them individually as empowered by the governmental process and enacted through intergovernmental exchanges. Agencies within a network of concurrent authorities may be said to act as proxies for a range of interest groups (Buchanan and Tullock 1965).

This proxy argument is made in two ways. First, Wise draws the implication that the *number and variety* of perspectives in any intergovernmental network result from the presence of different interest groups. He concludes that "government organizations are created and configured . . . according to ideas that policy participants (interest groups based . . .) have about how the [public] organization will respond to the variables of interest" (1990, 148). A second argument is that agencies form their authorities according to different *scales* of public demand (ACIR 1993; Boschken 1976; Warren 1966). From this, the ACIR argued that multiple "units of government, when used concurrently, reflect complementary expressions of public preference, not contradictory principles of organization" (1987, 53).

Even so, interest groups may directly influence the focal agency when their proxy is with the focal agency; examples of this include the agency's clients (market exchanges), supporters (political affiliations), and activist internal management (Bozeman 1988; Meltsner 1976). In emphasizing transactional exchange, however, the institutional perspective does not see interest groups materially affecting outcomes from outside the web of government or from some amorphous, latent, or detached environmental position, as is often found in the interest group literature (Cigler and Loomis 1991; Lowi 1969; Truman 1951). With the exception of interest groups that are tied directly to the focal agency, the proxy argument limits the intergovernmental network to exchanges with governmental authorities, where interest groups

play out their influence through political representation. Hence, although interest groups are excluded as a rival thesis, their influence is incorporated in intergovernmental exchange.

METHODOLOGY

The research employed a cross-sectional sample of urban transit agencies designed to examine the hypotheses with data from standard nationwide reporting systems. Although results may be partially a function of transit services and not generalizable to all public service areas, the transit sector was selected for three reasons. First, most transit agencies are statutory public authorities that pursue multiple policy outcomes derived from some mix of administration centered and external political criteria. They therefore are organizations most likely to fit the rational choice assumptions of institutional exchange. Second, for comparison, transit agencies vary greatly in the nature of their institutional environments. Even though the federal government appears to be a common denominator, agencies experience differences in fiscal and regulatory treatment received. Moreover, vast differences exist in their state and local intergovernmental settings. Third, the transit sector offers a rich source of high quality comparative data specific to agencies, which is compiled by the U.S. Department of Transportation's Federal Transit Administration (FTA).

The sample consists of forty-two agencies operating transit systems in large metropolitan areas (greater than 500,000 population). The agencies were identified from the FTA's directory of transit agencies (UMTA 1988). Data for all variables are specific to each agency or the population within each respective jurisdiction. Figures are from the annual Section 15 reporting system compiled by the FTA and the U.S. Census. Section 15 reporting is mandated for federal funding of transit agencies and contains uniform self-reported data on agency finances, costs, and service levels.

As components of outcome skewness, the individual policy outcomes are operationalized by three continuum-scaled *dependent variables* representing outcome 1: strategic organizational effectiveness; outcome 2: operational efficiency; and outcome 3: social-program effectiveness. Each is an aggregated index, consisting of multiple measures that are commonly used in transit and are calculated from FTA data (see note to exhibit 1 for detail). Since any one year of performance is subject to unrepresentative distortions, five years of data (1987 through 1991) were averaged and the means used for the individual indexes. This

Exhibit 1
The Independent Variables of Patterned Outcome Skewness
(Descriptive Statics and Intercorrelations)

Variable	Mean	S.D.	1	2	3
1. Outcome 1	10.99	2.27	—		
2. Outcome 2	13.01	2.74	-.56**	—	
3. Outcome 3	12.29	2.53	.48*	-.38*	—
N = 42	Two-Tailed Significance: * = .01; ** = .001				

Outcome 1 = Strategic organizational effectiveness
Outcome 2 = Operational efficiency
Outcome 3 = Social program effectiveness

Note to exhibit: Each outcome is an index of individual measures that meets criteria for that outcome *cell*. Values for each measure are residuals of a bivariate regression controlling for size. The technique was used because (1) little disagreement is found over size as the most significant factor determining urban agency outcomes, and (2) regression *residuals* are more appropriate than *ratio* data since regression produces the best overall linear estimator of variance. Residuals for each measure within an outcome cell were then studentized to make them additive to an income index.

The indexes consist of the following measures along with their legitimating stakeholders:

Outcome 1 (administration-centered, strategic effectiveness): market penetration (passenger trips/district population) shows market strength of organization preferred by senior management; load factor (passenger miles/vehicle miles) shows user-validated service superiority preferred by senior management; and bureaucratic growth (1990 revenue/1980 revenue, all sources) shows negative entropy preferred by senior management.

Outcome 2 (administration-centered, operational efficiency): operations efficiency (operating expense/vehicle miles) shows cost control proficiency of service delivery management; maintenance efficiency (maintenance expense/vehicle hours) shows cost control proficiency of maintenance management; and system efficiency (operations assets/vehicle revenue miles) shows use of capital proficiency of financial and engineering managements.

Outcome 3 (political-centered; social program effectiveness): mobility for transit dependent (passenger miles/service area in square miles) measures access convenience to urban socioeconomic activities desired by dependent riders (handicapped, working poor); noncommuter service (off-peak vehicle miles/total vehicle miles) measures access convenience to social activities, health and welfare services needed by the underclass (handicapped, poor, and elderly); and economic development contribution (annual capital investment/district population) measures economic development impact potential for the regional population.

procedure, however, does not eliminate the possibility that the five-year averages are atypical of even longer time frames.

Values for each measure composing an outcome index are residuals determined by a bivariate regression that uses urban size as the controlling variable. Residuals that control for size were used because research uniformly acknowledges urban scale as the most significant factor that determines agency outcomes. With size eliminated, each residual measure was studentized to make it additive to a single index for each outcome perspective. Measures composing each index exhibit different variance patterns and were not intended as redundant estimates of an outcome perspective. Instead, inclusion was based on a measure's consistency to an outcome perspective's categorical theoretic. For example, the operational efficiency outcome index (outcome 2) is composed of operations efficiency, maintenance efficiency, and capital-system efficiency, which individually represent different aspects of outcome 2's theoretical criteria.

Descriptive statistics and intercorrelations of the three policy outcome indexes are provided in exhibit 1. The indexes have significant intercorrelations, indicating that the transit agency sample is composed of an interrelated *pattern* of policy outcomes. The two inversely (negative) related associations represent paradoxes for the sample *as a whole*. These paradoxes provide the basis for variance in the way agencies trade one outcome perspective for another, thus creating an opportunity to compare patterns of outcome skewness. The most significant of these tradeoffs is between the two administration-centered outcomes: strategic organizational effectiveness and operational efficiency ($r = -.56$). While an agency could try to emphasize effectiveness in achieving organization eminence by striving for efficiency, the data show that this is not an industry-wide convention. The other tradeoff is between social-program effectiveness and operational efficiency ($r = -.38$) and is not unexpected, given the redistributive and regulatory nature of social programs.

Intergovernmental exchanges revolve around a variety of policy issues and engage different kinds of resources to establish an agency's degree of autonomy. Doig and Mitchell consider autonomy essential to a public authority's "primary mandate to . . . develop revenue-producing facilities in an atmosphere insulated from political pressures" (1992, 20). This suggests autonomy is a function both of how intergovernmental authority is distributed and of the rational choices made by a focal agency in securing stable resources over the long run. Moreover, any particular intergovernmental exchange is part of a larger pattern of established expectations and assumptions about an agency's

control of critical resources and prior intergovernmental agreements that support its bargaining position. Specifically, Benson (1975) argues that in intergovernmental exchange, both money and institutional authority are the critical resources.

From this resource-dependency perspective, autonomy is operationalized by four resource-based *independent variables*. The first two address fiscal resources and are estimators of the degree of policy-making autonomy an agency has by virtue of its source of funds. In fiscal autonomy, transit agencies fall between general-fund agencies, which are heavily dependent on legislative resource providers, and independent government corporations, which rely on agency-determined and market-sourced funds. As such, describing a transit agency's autonomy varies by degree and seldom occurs as an absolute.

The first fiscal variable is called *revenue autonomy*, which is measured as the proportion of total focal-agency revenues generated by user fees or through dedicated sources such as a permanent transit tax. Both sources impart budgetary discretion to the agency—the higher the proportion value, the greater the agency's autonomy. The second variable is called *capital autonomy*, and is the proportion of an agency's capital funding sourced in a like manner and not dependent on periodic legislation or repetitive interagency negotiation. These variables have been the focus of some past research (Cervero 1984; Barnum and Gleason 1979), but the purpose has not been to examine their effects in skewing policy outcomes as it has been in this study. Data are from FTA Section 15 reports of individual agencies.

In addition to fiscal autonomy, two other variables act as surrogates for the focal agency's statutory autonomy. The first is called *multigovernment protocol* and is defined as the traditional distribution of statutory authority to independent governments within the transit agency's metropolitan setting. This variable is a relevant specification of focal-agency autonomy, because how an agency understands its relative power in the intergovernmental environment may be conditioned by a larger prevailing *institutional mindset* on the appropriate structure of government. Research shows that metropolitan areas with a larger number of independent governments evolve a tradition for more complex intergovernmental collaboration than do comparably sized areas managed by consolidated government (Chisholm 1989; Warren 1966).

Representing institutional protocols for the larger metropolitan area are competing conventions of federalism ranging from multinucleated, concurrent forms (Chisholm 1989;

V. Ostrom 1973; Warren 1966) to a center-peripheral structure (Osborne and Gaebler 1992; Goodsell 1985; Wilson 1887). For example, some areas, like San Francisco, Miami-Dade, and Jacksonville, strongly believe in operating with a consolidated urban bureaucracy and few independent governments. Others, like Los Angeles County, Denver MSA, St. Louis MSA, and Allegheny County (Pittsburgh), strongly adhere to a highly distributed, multinucleated structure (Bureau of the Census 1992a). The pattern that will become the accepted convention for a particular metropolitan area depends on the outcome of a political "struggle to control how authority will be exercised" (Moe 1990, 121) and where the locus of power legitimately belongs in intergovernmental exchange.

The implication is that regardless of potential autonomy, if the transit agency is compelled to adapt its policy making to the metropolitan area's prevailing overall intergovernmental structure, the holistic pattern in turn may account for some skewing of the focal agency's pattern of policy outcomes. For example, the Tri-Met district operates transit in the three-county Portland, Oregon, metropolitan area, which contains an extensive multigovernment system. Even though Tri-Met is a consolidated special service district with "very broad taxing authority without intergovernmental O.K.'s," agency policy making operates "on a consensus model" where any affected government within Tri-Met's jurisdiction can participate and "kill a project" (Tri-Met 1994). As an example of impact, Schneider (1986) found the multigovernment variable affected growth in agency expenditures. These examples suggest that the more the area is managed by a multigovernment structure, the more difficulty a focal agency might have in emphasizing its bureaucratic eminence (outcome 1), and the more likely it might be to engage with other agencies in emphasizing effective social programs (outcome 3).

Using data from the Census of Governments (Bureau of the Census 1992b), the variable is measured as the number of local governments per capita located within the transit agency's metropolitan area. It includes not only agencies that have exchanges with the transit agency but all independent governments within the area. On a continuous scale, higher values represent a greater protocol emphasis on multinucleated authority and reduced focal-agency autonomy.

The other statutory autonomy variable is *intergovernmental (IG) interaction*. It refers to the focal agency's required legal couplings with other concurrent governmental actors, which subject the agency to varying degrees of jurisdictional overlap, oversight control, and negotiation (Wise 1990; Boschken 1976;

Ostrom, Tiebout, and Warren 1961). Because concurrent authorities place limitations on agency autonomy, Wise argues that in predicting agency outcomes, one must "analyze the potential interactions between organizations at the various levels of government" (1990, 145). Reflecting the degree of statutory concurrence, the IG variable is composed of two interacting measures: *scope* (defined as the number of intergovernmental actors involved in focal-agency policy making) and *intensity* (defined as the percent of those involved that hold concurrent statutory approval/veto authority). Together, they estimate the range of specialized authorities and how tightly coupled they are to focal-agency deliberations.

Through a survey of policy makers at each transit agency, the two components of IG interaction were determined from management perceptions. For the scope indicator, the agency was asked for the name and authority of governmental actors (federal, state, and local; agencies and legislatures) with which it had *ongoing* exchanges in policy making. The greater the number, the greater the scope of intergovernmental authorities represented. For intensity, the agency was asked whether each of those named held only an advisory role or had statutory approval/veto authority over agency policy making. The greater the percentage with approval authority, the greater the intensity of overlapping authorities. On a continuous scale, greater scope and intensity of intergovernmental authority represents lower focal-agency autonomy.

In addition to the independent variables for intergovernmental autonomy, four *control variables* were used as proxies for rival theses. Representing the principal-agent thesis, the first is called *bureaucratic affiliation*, which estimates the degree to which a transit agency holds authority independent of a general-purpose bureaucracy. From an analysis of the transit agency's enabling act and related organic statutes, bureaucratic affiliation was constructed as a scaled variable representing degrees of statutory independence from the parent authority. The scale ranged from a case that had a focal agency as a line department of a larger bureaucracy (low independence), to a situation in which a focal agency was controlled by joint powers of more than one parent bureaucracy, to the situation in which the focal agency was organically independent of any local government (i.e., an elected special district board).

For urban structure theses, the research sought variables that operationalized rivals but were not significantly statistically collineated with urban size. Three were identified: First is *race*, which operationalizes the underclass thesis; it is defined by the

1990 census as "percent white persons in the population." Second is *income*, which operationalizes the wealth thesis; it is defined by the census as 1989 average household income. Third is *cross commuting*, which is a surrogate for the degree to which an urban area's land use pattern is nonparametric. Using data from the 1990 census, it is defined as the percent of workers who commute from residential origin to work locations in the metropolitan area, neither of which is in the urban core.

The descriptive statistics and intercorrelations of the independent and control variables are provided in exhibit 2. None of the four intergovernmental autonomy variables is significantly associated with the others and thus they do not pose an issue of collinearity. However, two associations were identified by the regression model's collinearity diagnostics (eigenvalue = .01; condition index = 29) as exhibiting the condition. One association, which warrants further examination, is between race (a control) and multigovernment protocol (r = .56); it will be examined in the results section. The other, between cross-commuting and income (r = .57), involves two controls.

RESULTS

Exhibit 3 reports results of OLS regressions for the complete model of four intergovernmental autonomy variables and four controls. For the outcome 1 model, statistics are inconclusive in that the individual autonomy variables do not mutually reinforce each other in affirming or refuting hypothesis 1. Intergovernmental (IG) interaction, a statutory autonomy variable, is significant in explaining an emphasis on strategic organizational effectiveness (signif. of t = .03) and is in a direction consistent with the hypothesis. It indicates that strategic organizational effectiveness is emphasized when an agency holds greater autonomy by virtue of its being embedded in a network of more limited scope and intensity (beta = -.34; t = -2.2).

Two other autonomy variables are near significance, but refute the hypothesis. Revenue autonomy (signif. of t = .07) indicates that lower fiscal autonomy promotes a greater emphasis on outcome 1 (beta = -.29; t = -1.9). This means that funds realized through intergovernmental exchange provide a surer foundation for bureaucratic eminence than does "going it alone." Multigovernment protocol (signif. of t = .08) also is inconsistent with the hypothesis, indicating that the more firmly a metropolitan area holds a tradition for concurrent government, the more the focal agency will emphasize outcome 1 (beta = .36, t = 1.8). Capital autonomy is not near significance (signif. of t = .22).

Exhibit 2
Intergovernmental Autonomy and Control Variables
(Descriptive Statistics and Intercorrelations)

Variable	Mean	S.D.	1	2	3	4	5	6	7
Intergovernmental Autonomy									
1. Revenue autonomy	76.72	22.38	—						
2. Capital autonomy	26.70	18.43	.37	—					
3. Multigovernment protocol	90.79	73.30	.21	-.02	—				
4. IG interaction	5.37	3.62	-.02	-.03	-.07	—			
Controls									
5. Bureaucratic affiliation	3.20	1.23	.27	.06	.30	.13	—		
6. Race (% white)	68.57	15.00	-.05	.03	.56**	-.20	.14	—	
7. 1989 average income	33.70	6.56	.24	.36	.04	.25	.03	.01	—
8. Cross commuting	44.25	17.17	.34	.23	.24	.06	.30	.13	.57**

N = 42 Two-tailed Significance: * = .01; ** = .001

Exhibit 3
OLS Regressions: Intergovernmental Autonomy and Outcome Skewness
Urban Public Transit (Forty-two agencies, 1987-1991)

	Dependent Variables								
	Outcome 1			Outcome 2			Outcome 3		
Independent Variables	Beta	t	Signif.	Beta	t	Signif.	Beta	t	Signif.
INTERGOVERNMENTAL LOCUS OF POWER									
Fiscal Autonomy									
1. Revenue	-.29	-1.9	.07	.62	4.2	.0002	-.17	-1.1	.28
2. Capital	.18	1.3	.22	-.33	-2.4	.02	.39	2.7	.01
Statutory Autonomy									
3. Multigovernment protocol	-.36	-1.8	.08	.07	0.4	.71	-.15	-0.8	.44
4. IG interaction	.34	2.2	.03	-.07	-0.5	.63	.20	1.3	.20
PRINCIPAL/AGENCY GENERAL BUREAUCRACY									
5. Bureaucratic affiliation	.05	0.3	.73	-.07	-0.5	.63	.04	0.2	.82
URBAN ENVIRONMENT									
6. Race (% white)	.25	1.4	.18	-.10	-0.6	.56	-.21	-1.2	.25
7. Average 1989 income	.15	0.8	.44	-.21	-1.2	.23	.08	0.5	.65
8. Cross commuting	-.01	-0.1	.94	-.08	-0.4	.66	.15	0.8	.43
R^2		.37			.46			.37	
Adj. R^2		.21			.33			.22	
F		2.4			3.6			2.5	
Signif. F		.04			.005			.03	

Outcome 1 = Strategic organizational effectiveness
Outcome 2 = Operational efficiency
Outcome 3 = Social program effectiveness

None of the control variables representing rival theses is significant. Race (the underclass variable) is the most stable (signif. of t = .18) but is collineated with multigovernment protocol. Since this collinearity bares important weight to any conclusion, the model was rerun twice, once with each of the collineated variables eliminated. With its counterpart deleted, each collineated variable increased in instability (race: signif. of t = .78; multigovernment: signif. of t = .23). In addition, the elimination of either collineated variable caused revenue autonomy to become clearly significant in the model (signif. of t = .03). Although further reducing the probability that race matters in skewing policy outcomes, the rerun models fail to resolve the inconclusive evidence for hypothesis 1. They give additional reason to discount multigovernment protocol, and they also provide stronger evidence of significance for revenue autonomy that refutes hypothesis 1. Since neither income nor cross commuting is significant, their collinearity does not materially affect regression results.

For the outcome 2 model, regression statistics are inconclusive in that the autonomy variables again diverge from each other, showing both support and refutation of hypothesis 2. To the argument that greater agency autonomy promotes emphasis on operational efficiency, results indicate the two *fiscal* variables of intergovernmental autonomy are significant in explaining the emphasis, but the two *statutory* variables are not. Of the two fiscal variables, revenue autonomy (signif. of t = .0002) matters far more than capital autonomy (signif. of t = .02). Pointing in contradictory directions, revenue autonomy provides significant confirmation of the hypothesis (beta = .62; t = 4.2), but the lesser significant capital autonomy refutes the argument (beta = -.35; t = -2.4). Since none of the controls is significant, rival theses are not contentious with intergovernmental autonomy in explaining an outcome 2 emphasis.

For the outcome 3 model, regression statistics do not support hypothesis 3, which posits that lower agency autonomy promotes emphasis on social program effectiveness. Capital autonomy is the only significant variable in the model (signif. of t = .01), and its relationship to outcome 3 is opposite of that predicted (beta = .39; t = 2.7). In effect, the results indicate that higher agency autonomy more likely causes emphasis in social-program effectiveness. The other intergovernmental variables and all controls are insignificant.

Of note, however, is the effect collinearity has on the lack of apparent significance in multigovernment protocol. By rerunning the social program model without race, protocol becomes

marginally significant to outcome 3 (signif. of t = .06). In addition to this vast improvement, its direction supports the hypothesis that a multigovernment tradition (suppressing exercise of agency autonomy) causes an agency to emphasize its social program effectiveness (beta = -.30; t = -1.9).

DISCUSSION

In combination, the three hypotheses predict a picture of agency autonomy that promotes an emphasis on administration centered policy outcomes (organizational effectiveness and operational efficiency) and simultaneous deemphasis of political centered social programs. In contrast, the empirical results suggest an inconclusive and more complex skewing of outcomes where (1) lower levels of both fiscal and statutory autonomy promote emphasis on effectiveness in both administration centered and political centered outcomes, but (2) fiscal autonomy may cause either more or less efficiency, depending on whether the focus is on expenditures or on capital investment. In both theory and results, agency autonomy clearly matters in the skewing of policy outcomes, but the lack of empirical confirmation of hypotheses gives renewed cause to question the application of new versions of institutionalism to intergovernmental exchange. Can one explain the results according to the rational exchange thesis of new institutionalism?

In the case of outcome 1's strategic effectiveness, the significant results for IG interaction and revenue autonomy indicate that the focal agency's organizational effectiveness (bureaucratic growth and economic eminence) is more likely to be emphasized as a result of having to negotiate policy outcomes with intergovernmental actors with whom the agency shares authority and depends for resources. This finding is not consistent with the general thesis of exchange theory, which is found in political science as public choice. Nevertheless, a rational behavior explanation does exist in a neoinstitutionalism version found in administrative science (Powell, Koput, and Smith-Doerr 1996; Gulati 1995; Parkhe 1993; Powell and DiMaggio 1991; Powell 1990). That branch of the theory argues that certain private industries exhibit conditions promoting *strategic alliances*. These conditions include very high competition for scarce critical resources, including money and expertise; very high existing or potential customer need for a product or service; high uncertainty caused by the industry's chaotic change; and interorganizational familiarity due to a history of exchanges.

Under similar conditions, government agencies may embrace strategic alliances to emphasize organizational eminence because

collaboration, rather than going it alone, provides better positioning and sharing of risk in a dynamically changing public economy. Specifically, strategic alliances may provide more opportunity for the bureaucracy to grow when tax reductions have increased competition over limited funding sources; governmental mandates remain to sustain high demand for services; programs like reinventing government and privatization introduce chaotic change potential; and a history of dyadic working relationships makes intergovernmental exchange familiar and more predictable. All four conditions are present in urban transit.

In the case of outcome 2's operational efficiencies, the important finding is that fiscal autonomy is what matters, not statutory autonomy. Further, revenue autonomy is much more significant than capital autonomy and shows that greater independence of the focal agency in intergovernmental exchanges fosters an emphasis on efficiency. Two possible refinements or interpretations of institutional theory may explain the anomalies between theory and results. First, in public enterprise theory (which is a part of institutional theory not usually associated with new institutionalism), a rational entrepreneurial motive encourages maximizing the organization's revenues and minimizing costs. Doig (1995), for example, attributes such behavior to an entrepreneurial "engineering mind," which inherently seeks efficiency but for the fact that intergovernmental subsidies come with "strings" requiring expenditures that an autonomous public enterprise would not see fit to spend in the absence of fiscal inducements. Hence, the more fiscal independence exercised by the agency, the more unfettered its opportunity to utilize engineering's neutral competence and bias for efficiency. However, by itself, this argument is not entirely satisfactory; the entrepreneurial side of the engineering mind also calls for autonomous enterprise to emphasize revenue maximizing (outcome 1) which is not confirmed by the results.

A second institutional argument (and one consistent with public choice) attributes transit inefficiency to an availability of federal DOT subsidies that make up farebox losses without regard to efficiency (Lave 1994; Cervero 1984). Niskanen (1971, 209) generalizes this relationship, claiming "bureaucrats have no incentive to be efficient" except under certain conditions. Subsidies remove the agency from a "budget-constrained region" when tight budgets would otherwise provide "a budget-maximizing incentive to identify and use more efficient production processes" (p. 210). Agencies therefore spend as much as they can without regard to efficiency, and federal subsidies (not indigenous wealth) provide the means, albeit at the sacrifice of revenue autonomy.

On the other hand, capital autonomy's inverse effect on outcome 2 shows disconfirming evidence for hypothesis 2. While capital is of less significance than revenue is, it remains statistically important. In defense of institutional exchange theory, the logic may be uniquely applicable to government infrastructure agencies that incur very high capital costs. Because of their service delivery requirements (i.e., transit buses and trains involve exceptionally high investment), transit agencies may have little choice but to acquire capital with strings attached. Capital markets are far more expensive and not without fiscal conditions covering investor risk. Furthermore, with transit's limited access to private capital and often inferior position in intergovernmental exchanges for capital, the strings may add greater friction to transit's operational efficiencies (Altshuler 1979). Two examples of friction-causing mandates are the access requirements in the Americans with Disabilities Act and the 10 percent co-lateral nontransit set aside investments required by ISTEA.

In the case of outcome 3's social program effectiveness, capital autonomy is the only intergovernmental variable of significance. Its effect, however, is opposite that predicted by hypothesis 3. This is perplexing from an institutional exchange perspective because scarce fiscal resources held by intergovernmental actors for subvention to a compliant focal agency ought to be powerful inducers of a social program emphasis. On the other hand, the evidence is consistent with a particular administrative culture found mostly in infrastructure agencies—an "engineering mind" that derives satisfaction from great physical accomplishments (Doig 1995). In transit, for example, this has meant that delivery systems have large metropolitan impact in the form of economic development spillover effects.

In addition to its effect on an agency's bureaucratic reach, this engineering culture focused on the provision of social programs that require capital intensive *technical* solutions. To the extent transit investment induces private investment or acts as a linchpin in revitalizing a city (see, for example, Attoe 1988), civil engineers affirm their value to society. Moreover, since leadership acclaim goes to the provider of development policy, the engineering mind may be more inclined to go it alone with a single independent authority than to share acclaim with a balkanized or concurrent structure of urban politicians. The transit and seaport developmental accomplishments of independent and engineer-dominated authorities in the New York City metropolitan area are classic examples (Danielson and Doig 1982).

Finally, *in the case of outcome skewness*, the overall pattern of policy outcomes holds some interest for the application of

institutional theory. A setting of many concurrent governmental authorities, where diverse economic and political aims conflict, gives rise to paradoxes. Besides the administration centered outcomes preferred by agency management, agencies also must perform according to "different social imperatives, including many that have only a tenuous relationship to economic ends" (Robins 1987, 78-79). Not all legitimate aims can be achieved in this plural setting, and arising from the struggle are tradeoffs that represent a skewed pattern of policy outcomes. As shown in exhibit 1, that pattern for the transit sample involves tradeoffs between both organizational and social program effectiveness on the one hand and operational efficiency on the other. How much does exchange theory matter in explaining these tradeoffs?

Probably the most expected tradeoff from an exchange perspective is that between social programs and efficiency. In the case of accommodating nonmarket political demands when resources are scarce, the resulting social program commitments directly affect management's preference for operational efficiencies. Although the evidence in this study shows that agencies make the tradeoff differently for revenue needs than for capital, the tradeoff is nevertheless made because most social programs are based on regulatory or redistribution mandates rather than on the agency's economic or market calculus. In fact, some have argued that intergovernmental inducements and subsidies encourage agency management to think more broadly about balancing public demands that cause the move away from emphasizing operational efficiencies (Lave 1994; Guess 1990; Cervero 1984). Downs and Larkey (1986, 4) conclude that from *an efficiency perspective*, "politically justifiable—but inherently inefficient—decisions about which programs to operate and what constraints the program must satisfy are often a more important source of poor performance than bad management." In public transit, Guess (1990, 1) argues that federal policy encourages "a contradictory quest" by use of subsidies which provide "means to generate increased ridership with an often serious disregard for the costs of service production." This claim is certainly demonstrable of both the theory and the results, but only with respect to the effect of revenue subsidies.

More surprising from an exchange perspective is the tradeoff in exhibit 1 between strategic organizational effectiveness and operational efficiency. The institutional theory underlying the first two hypotheses implies that strategic and operational policy aims ought to be mutually reinforcing, but dependent variable empirics indicate that they involve the tradeoff. Apparently, in the attempt to balance external demands for social programs with management interests, agency management seems to sacrifice

operational efficiencies to maintain strategic organizational effectiveness. Given the option, administrators attempt to maximize organizational eminence because the concomitant growth in budgets imparts the ability to increase salaries, power, and prestige (Niskanen 1971). Until the era of downsizing, no comparable management motive existed for emphasizing efficiency.

This tradeoff, however, may be more sizable for infrastructure agencies than for welfare bureaucracies. The reason for this involves all three outcomes in creating the skewed pattern. For agencies with big plant and equipment requirements, access to large amounts of capital may be the most critical component in intergovernmental exchange. In order to continue bureaucratic growth in the absence of sufficient market-source revenue, the agency turns to intergovernmental sources, incurring significant social program strings that cause inefficiencies. It would seem that the more an agency pursues an outcome 1 emphasis (increasing the bureaucracy), the more operationally inefficient it is likely to become. Since the key to this tradeoff is access to governmental sources of capital, any resolution to the paradox would require substantial reform of the institutional structure of intergovernmental exchange.

CONCLUSION

What do the results tell us about the predictive value of institutional exchange theory? Answers seem to be mixed. In the most general sense, the regression models strongly indicate that institutional structure matters a good deal more than do rival considerations. Some form of an agency's autonomy in intergovernmental exchange is significant in all three policy outcome emphases and is a major contributor to the overall pattern of outcome skewness. Among the four intergovernmental variables, however, fiscal autonomy seems to matter more than statutory autonomy. Further, the fiscal variables are significant in the variance of all three policy outcomes. Only one of the statutory autonomy variables, on the other hand, poses significant influence on skewness, and then only with regard to strategic organizational effectiveness. Multigovernment protocol is not relevant to policy outcomes, except perhaps when race is removed from the social program model.

Beyond the question, Does institutional structure matter? there is the issue of how specific structural arrangements fit together. It is here that results indicate new institutionalism is a long way from being an integrated body of interdisciplinary theory. Since political science (and especially public choice) incorporates some but not all pieces of exchange theory from

economics, sociology, and administrative science, this integration problem is perhaps felt more acutely in politics and policy making than elsewhere in the social sciences. Furthermore, although the statistical evidence here may be more confirming of the economic branch of institutional theory, it is not reassuring to political scientists who focus more on the distribution of constitutional authority. This is especially disturbing to those who argue that fiscal federalism is structured by statutory authority (i.e., concurrent government), the two postulated to have mutually reinforcing effects on policy outcomes. It may be that research needs to consider intergovernmental autonomy as involving many relationships that have different and often opposing effects on policy outcomes.

Nevertheless, the results may warrant two conclusions. First, institutional theory needs to incorporate more contextual considerations in order for it to be generalizable across different governmental sectors. For example, the fiscal autonomy variables may be highly dependent on the nature of a public agency's charter, delivery technology, or service area. In transit, many agencies are chartered public enterprises using large scale technologies to deliver an integrated service that is linear. Similar contextual characteristics are found in public schools, county medical centers, and port authorities. However, if a government sector consists mostly of general-fund agencies using mostly low technical complexity, such conditions may make the results of this study less useful. While the research found statutory autonomy to have only limited significance in transit, statutory considerations may be more important in skewing outcomes for departmental agencies like police, parks, and welfare agencies.

Second, for agencies within a sector like transit, each basis for exchange needs to be dealt with as potentially independent of the others. In fact, the four intergovernmental variables in the study were statistically independent. Therefore, treating institutional exchange theory as an overarching concept about intergovernmental relations may be the wrong approach to informing us sufficiently about what to expect. For example, the fiscal autonomy variables are significant in explaining skewness involving nearly every policy outcome perspective, but the two have opposite effects on the direction the tradeoffs take.

The evidence raises an even larger issue, though. Is this new institutionalism too inclusive of social science theory or is the problem one of theory integration? The complexity of intergovernmental exchange and its influence on agency policy making invites institutional contributions in political science that unfortunately come from several antagonistic disciplines. Moving

from the macro concept to midrange and applied theory, there is an obvious interdisciplinary competition. In administrative science, for example, much effort has been made to seal off the discipline from other institutionalisms by relabeling its version *neoinstitutionalism* and concentrating on *isomorphism* (Powell and DiMaggio 1991, 1-62).

According to Selznick (1996), on the other hand, we must avoid such attempts at "pernicious dichotomies" and get on with the effort of integrating an interdisciplinary institutional theory. A few scholars have tried to integrate the differences (Roberts and Greenwood 1997; Oliver 1991), but many more are pushing the envelope of their disciplines by making distinctions that render Selznick's suggestion for integration less possible. With willingness across the social sciences to engage in invidious distinctions, can one expect political scientists to make sense of it all for policy making? We always have been willing integrators of broader social science thought, but there is work to be done to make the parochial pieces compatible before institutional theory will be a reliable contributor to public administration and policy making.

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