Reforming Public Management: Analyzing the Impact of Public Service Reform on Organizational and Managerial Trust

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ABSTRACT

A factor that has proved important in acceptance of organizational change is the level of organizational and managerial trust. More than 10 years since its passage, civil service reform in Georgia continues to stimulate debate regarding employment at will (EAW) relationships in the public sector. Beginning July 1996, new hires in the Georgia state workforce were designated unclassified, thus serving at the will of public managers. Indeed, the acceptance of EAW in the public workforce may depend upon employee trust in organizational leaders and their ability to act responsibly in personnel matters. Given that managerial flexibility in human resource (HR) practices is a cornerstone of these reforms, confidence in managers and their discretion over HR is critical to easing employee reservations toward EAW. Utilizing a 2006 survey assessing attitudes toward EAW among Georgia state HR professionals, the present analysis seeks to advance understanding of the impact of trust on the EAW relationship among HR professionals. Utilizing ordered logistic regression to explore this impact, we demonstrate that Georgia HR professionals are somewhat receptive to an EAW system but sour on its implementation as evidence of spoils-related activities and actions appear in the workforce. The study findings indicate that EAW systems may have a fundamental flaw in that they may undermine trusting workplace relationships necessary for effective public management.

INTRODUCTION

The interest in reforming public sector human resource management (HRM) has been associated with politicians and management reformers seeking to implement aspects of new public management (NPM) and public choice theory. In an effort to enhance efficiency, public management reformers have advocated decentralizing and deregulating decision making in public HRM. Additionally, proponents of what some have called “radical reform” of civil service systems have employed market-like mechanisms (e.g., pay for...
performance and outsourcing) to facilitate efficiency in the public sector (Condrey and Maranto 2001; Condrey and Battaglio 2007; Kellough and Nigro 2006; Selden, Ingraham, and Jacobson 2001). Although traditionally a professional civil service was deemed essential for government performance (Kellough and Nigro 2006; Selden 2006) that linkage has been challenged by the incidence of radical civil service reform in the states.

To increase managerial flexibility, reformers have advocated rethinking the “property interest” rights that public employees have in their jobs. More specifically, the NPM agenda seeks to severely limit or outright eliminate employee procedural due process rights in favor of greater flexibility, efficiency, and effectiveness in public management (Facer 1998). This is achieved by either reducing employee access to grievance and appeals procedures or by eliminating such rights all together. Such an elimination of rights represents a move to an employment at will (EAW) system where employers may dismiss employees at any time, for any reason not contradictory to the law (Muhl 2001). In an EAW system, an employee does not have a property interest in his or her position and therefore no continued expectation of employment (Gertz 2007; Kellough and Nigro 2006; Lindquist and Condrey 2006). Thus, with no guarantee of procedural due process prior to discipline or removal, the traditional relationship between the government as employer and the public sector employee is significantly altered (Hays and Sowa 2007; Kellough and Nigro 2006).

The dismantling of traditional employee dismissal and employee rights procedures is considered a primary component toward current civil service reform efforts. EAW is seen as the remedy for the traditional grievance and appeals systems that proponents contend have pigeonholed managers in their ability to manage effectively. Efforts to curb employee rights have occurred in a number of government settings which suggests a “tide” rather than “ripple” (Bowman 2002; Bowman and West 2007; Coggburn 2006; Green et al. 2006; Hays and Sowa 2007; Maranto and Johnson 2007; Rainey 2006; Selden 2006; Thompson 2002). At the state level, Georgia initially utilized EAW by phasing out its merit system for all “unclassified” positions (not granted protection by the State Civil Service Board) beginning in 1996 with approximately 80% now employed at will (Condrey 2002; Condrey and Paul Battaglio 2007; Facer 1998). Over the past 10 years, initiatives at the federal level have gradually moved public HRM away from traditional merit practices. This retrenchment from merit has generally come in the form of legislation allowing exemption from Title 5, Office of Personnel Management (OPM) demonstration projects, and legislative approval of performance-based policies (Woodard, 2005, 110; Brook and King 2008). More recent efforts under the Bush administration have furthered this agenda through national security legislation targeting the Department of Homeland Security (DHS) and Department of Defense (DoD). These efforts at DHS and DoD have sought increased use of performance-related pay systems, greater managerial flexibility vis-à-vis labor relations, and greater agency-specific authorization to design and operate their own personnel systems (Brook and King 2008, 215). Brook and King (2008) contend that personnel reform at DHS and DoD “represent the largest and most visible granting of agency discretion to date” (215).

1 National security reforms have been the impetus for recent federal HRM changes. The Homeland Security Act of 2002 and the National Security Personnel System (part of the National Defense Authorization Act for Fiscal Year 2004) provided the DHS and DoD greater discretion over agency personnel matters (see Brook and King 2008).
Clearly the trend toward EAW portends serious implications for merit systems and public sector employment practices. However, the thrust to implement EAW has gone unchallenged with very little offered in the way of its potential drawbacks (Bowman 2002; Coggburn 2006; Kellough and Nigro 2006; Kuykendall and Facer 2002; Rainey 2006). Given this dearth in relevant research, the need for analysis with respect to the application and consequences of EAW has not gone unnoticed (Coggburn 2005; Condrey and Battaglio 2007; Kellough and Nigro 2006). The present research seeks to understand what role trust plays in the employment relationship in an at-will environment utilizing a survey of human resource (HR) professionals in the state of Georgia conducted in 2006. The article is arranged into seven sections. The first three sections present an assessment of the literature and the development of hypotheses, with a particular emphasis on the role of trust in the employment relationship. The fourth section describes the methodology employed using the survey of HR professionals in the state of Georgia. The next two sections report survey findings from ordered logistic regressions examining differences in survey respondents’ attitudes about the tenets of EAW and its consequences with respect to trust and the employment relationship. The conclusion presents the article’s implications for civil service reform and identifies areas for future inquiry.

**MANAGERIAL TRUST AND EAW**

One of the tenets of NPM is the belief that public management, as a separate and distinct function, is crucial to the planning, implementing, and assessment of productivity improvements (Pollitt 1990; Terry 1998). In order to coordinate these activities, proponents contend that a great deal of latitude must be given to management to make the necessary changes for improved productivity. EAW taps this line of reasoning, channeling politician and manager angst toward the “red tape” that has unnecessarily burdened bureaucratic efficiency through supposed antiquated civil service systems. Given the broad discretion granted to managers under EAW systems, it seems prudent to assess its impact on a key component of organizational and managerial productivity: trust.

Paralleling NPM themes is the move away from traditional bureaucratic hierarchies toward flatter, bottom-up–driven organizations for public management. There are two schools of thought, according to Nyhan (2000): the classical/formal and the human relations model. The former is based on a more autocratic formula which emphasizes rules and regulations for the benefit of uniformity and predictability in performance outcomes (Nyhan 2000, 87). The latter takes a more interpersonal perspective emphasizing positive reinforcement through a number of environmental factors to enhance organizational effectiveness (Nyhan 2000, 87). Although the human relations model seems more attuned toward empowerment, it is not without criticism. Some (Denhardt 1993; Rainey 2003) suggest that the human relations model is quite often appropriated by management as a means for serving their ends. Critics of EAW would concur suggesting that EAW is simply a means for furthering political and managerial agendas (Coggburn 2006; Kellough and Nigro 2002, 2006). Indeed, opponents of the NPM mantra (Denhardt and Denhardt 2000; Terry 1998) aver that giving leverage to politicians and managers will “pose a threat to democratic governance.” This may be a particular cause for concern among traditional, merit-based civil service systems in the United States whose primary function is to insulate public servants from political influence and to take advantage of their professional expertise (Kellough and Nigro 2006; Selden 2006).
The Georgia reforms were intended to create a more efficient and responsive public sector through personnel policy decentralization and the elimination of job protections (i.e., EAW). If we are to take proponents of radical reform seriously, then the reforms instituted in Georgia should have served as a catalyst for radically modifying employee attitudes in such a way as to empower and embolden them to achieve the reforms’ stated purposes of efficiency and responsiveness. Recent scholarship has highlighted displeasure among personnel employed by Georgia state government (Condrey and Battaglio 2007; Kellough and Nigro 2002, 2006). According to Kellough and Nigro (2006, 465), the intended purpose of the due process rights afforded civil service personnel is to create a climate of justice and fairness as well as a “culture of trust between employees and their employers.” This study seeks to assess the climate of trust 10 years after the initial legislation that eliminated due process rights and set in motion the current EAW environment in the state of Georgia.

DEFINING TRUST

According to Nyhan (2000, 88), trust has both an internal (organizational) and external (environmental) perspective. The external view has received the most consideration by research pertaining to trust and power in government, examining the level of trust or confidence the public has in public institutions and their goods and services (Nyhan 2000, 88). The latter view, although no less important, has received considerably less attention. The internal perspective focuses on the “dynamics of interpersonal trust within public organizations” and has more recently garnered attention with respect to its impact on overall organizational performance (Condrey 1995; Greenburg 1996; Morgan and Zeffane 2003; Murnighan 1993; Neves and Caetano 2006; Nyhan 2000; Sheppard, Lewicki, and Minton 1992; Tzafrir 2005).

Based on Nyhan’s (2000, 89) assessment of the literature, trust is composed of “three major overlapping constructs: fairness, confidence, and risk taking.” For Nyhan (2000), these constructs serve as the “antecedents” in his conceptual model of trust. Nyhan’s (2000) assessment of the literature notes that confidence and fairness are reliable attributes of trust. Moreover, Nyhan (2000) asserts that there is a difference between the “dyadic” relationship of the supervisor and subordinate with respect to trust versus the issue of employee trust in the organization. Employees who consistently experience confidence and fairness within the organization and in their dyadic relationship are exposed to trust as a measure of reciprocity, a notion grounded in social exchange theory (Tzafrir 2005). Due to this “dichotomization,” the present analysis employs the three statements in table 1 as dependent variables measuring trust in management and the organization as a whole.

ASSESSING ORGANIZATIONAL AND MANAGERIAL TRUST IN AN EAW CLIMATE

By eschewing job security in favor of purported efficiency gains from EAW, proponents of radical reform seek the removal of merit protections and the decentralization of personnel functions to line managers in programs, largely without checks on managerial excesses. Instead of modernizing civil service systems, radical civil service reformers
Table 1
Descriptive Statistics of Survey Questions Used in Analysis

<table>
<thead>
<tr>
<th>Variable</th>
<th>Variable Name</th>
<th>Percent Agree/Strongly Agree</th>
<th>Percent Disagree/Strongly Disagree</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dependent variables</td>
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<tr>
<td>Managers treat employees fairly and consistently when it comes to HR.</td>
<td>Fairness</td>
<td>54.99</td>
<td>26.20</td>
<td>3.32</td>
<td>1.07</td>
</tr>
<tr>
<td>Employees trust management when it comes to HR decisions.</td>
<td>Trust in Management</td>
<td>32.11</td>
<td>37.27</td>
<td>2.87</td>
<td>1.01</td>
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<td>Employees feel that they can trust the organization to treat them fairly.</td>
<td>Trust in Organization</td>
<td>30.77</td>
<td>37.73</td>
<td>2.88</td>
<td>1.03</td>
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<tr>
<td>Independent variables</td>
<td></td>
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<tr>
<td>Makes employees feel more secure about their jobs</td>
<td>Security</td>
<td>4.76</td>
<td>77.66</td>
<td>3.98</td>
<td>0.82</td>
</tr>
<tr>
<td>Discourages employees from reporting agency wrongdoing (or “blowing the whistle”).</td>
<td>Whistle-blowing</td>
<td>36.13</td>
<td>40.15</td>
<td>3.01</td>
<td>1.07</td>
</tr>
<tr>
<td>Could—by not requiring a rationale or justification for terminating employees—make public employees less sensitive to issues of procedural fairness.</td>
<td>Procedural Justice</td>
<td>47.79</td>
<td>29.78</td>
<td>3.19</td>
<td>1.04</td>
</tr>
<tr>
<td>Is sometimes used to fire competent employees, so other people with friends or connections to government can be hired.</td>
<td>Spoils</td>
<td>29.78</td>
<td>51.10</td>
<td>2.65</td>
<td>1.23</td>
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<tr>
<td>Employees have been terminated at-will for politically motivated reasons.</td>
<td>Spoils</td>
<td>20.96</td>
<td>57.35</td>
<td>2.47</td>
<td>1.18</td>
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<tr>
<td>I know of a case where a competent employee was fired at-will so that another person with friends or connections to government could be hired.</td>
<td>Spoils</td>
<td>19.10</td>
<td>49.82</td>
<td>2.55</td>
<td>1.10</td>
</tr>
<tr>
<td>Employees have been terminated at-will for politically motivated reasons.</td>
<td>Spoils</td>
<td>30.86</td>
<td>36.80</td>
<td>2.87</td>
<td>1.16</td>
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<td>Control variables</td>
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<tr>
<td>Variable</td>
<td>Variable Name</td>
<td>Mean</td>
<td>SD</td>
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<tr>
<td>What is your highest level of academic attainment? Coded (1 = High school diploma, 2 = 2-year college degree, 3 = 4-year college degree, 4 = Master’s degree, 5 = Law degree, 6 = PhD or equivalent)</td>
<td>Education</td>
<td>2.50</td>
<td>1.31</td>
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</tbody>
</table>

Continued

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Table 1 (continued)
Descriptive Statistics of Survey Questions Used in Analysis

<table>
<thead>
<tr>
<th>Variable</th>
<th>Variable Name</th>
<th>Percent Agree/Strongly Agree</th>
<th>Percent Disagree/Strongly Disagree</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is your gender? Coded (0 = male, 1 = female)</td>
<td>Gender</td>
<td>0.78</td>
<td>0.41</td>
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<td>What is your age range? Coded (1 = 24 or less, 2 = 25–34,</td>
<td>Age</td>
<td>3.83</td>
<td>0.87</td>
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<td>3 = 35–44, 4 = 45–54, 5 = 55–64, 6 = 65 or over)</td>
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</tr>
<tr>
<td>How many years have you worked in the public sector?</td>
<td>Length of Service</td>
<td>3.93</td>
<td>1.67</td>
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<tr>
<td>Coded (1 = less than 5 years, 2 = 5–10 years,</td>
<td></td>
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</tr>
<tr>
<td>3 = 11–15 years, 4 = 16–20 years, 5 = 21–25 years, 6 = 26 years or more)</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>What percentage of your agency’s employees serve at-will?</td>
<td>Percent At-Will</td>
<td>75.82</td>
<td>20.34</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Approximately how many FTE employees are authorized for your agency?</td>
<td>Agency Size</td>
<td>2442.48</td>
<td>4969.28</td>
<td></td>
<td></td>
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</tbody>
</table>
opt to eliminate employee protections, obliging public employees to serve without the
guarantee of “tenure” or job security protections. Thus, eliminating job security becomes
an important component in the managerialist view of government. This view is eroding
the traditional status provided by, protections afforded by, and the role of,
governmental HRM (Bowman and West 2006, 139; Kellough and Nigro 2006). We then
propose that

$$H_1 \quad \text{HR professionals who are less likely to feel secure about their jobs as a result of EAW will tend to be less trustful of management and the organization as a whole and less likely to view managers as treating employees fairly and consistently.}$$

Likewise, the issue of procedural justice is a crucial pillar of civil service systems. Civil service systems are based on employee property interest protections or tenure usually granted after a 1-year probationary period. These property interest rights guarantee employees procedural due process rights helping to ensure their continued employment and protecting them from unjust or wrongful termination (Kellough and Nigro 2006; Kuykendall and Facer 2002). EAW proponents argue that procedural guarantees unfairly inhibit management flexibility and lead to inefficiencies in government. Although dismissal rates appear to be low in many state governments (Elling and Lyke Thompson 2007; Selden 2006), linking such depressed rates to complicated public sector procedural rights is tenuous at best (Elling and Lyke Thompson 2007; Green et al. 2007; Hays and Sowa 2007). The elimination of due process rights, however, has the potential to deplete employee attitudes regarding issues of procedural fairness, especially with respect to organizational fairness and decision making, given that managers need not offer any justification or rationale for termination (Condrey and Battaglio 2007; Radin and Werhane 1996; Rubin 2007; Werhane 1999). Such “fairness judgments,” Rubin (2007, 3) contends, are surrogates for interpersonal trust.

Moreover, tied into the relinquishing of property interest rights is the expectation of employees within public organizations to be able to report agency wrongdoing (whistleblowing) without the fear of reprisal. Research articulates the potential of EAW to discourage employees from raising concerns over questionable decisions, a particularly troublesome finding for transparency within the public sector (Bowman and West 2007; Coggburn 2006; Callahan 1990; Gertz 2007; Green et al. 2006; Roehling 2003). Based on the research noted above, we thus make the following two hypotheses:

$$H_2 \quad \text{HR professionals who are more likely to feel procedural justice has been adversely impacted by EAW will tend to be less trustful of management and the organization as a whole and less likely to view managers as treating employees fairly and consistently.}$$

$$H_3 \quad \text{HR professionals who are more likely to perceive EAW as inhibiting employees from “blowing the whistle” on agency wrongdoing will tend to be less trustful of management and the organization as a whole and less likely to view managers as treating employees fairly and consistently.}$$

3 In the Georgia case, procedural due process calls for certain review steps to be taken in the employee discipline process. However, these procedural protections do not provide the job security, property interest rights, and employee rights afforded by the traditional civil service systems these EAW systems replaced.
Initial research on the Georgia reforms pointed to the potential for legislation to usher in a new era of “spoils” (Condrey 2002; Gossett 2002; Kellough and Nigro 2002; Battaglio and Condrey 2006; West 2002). Recent research has highlighted that such fears are reasonable in an EAW environment (Condrey and Battaglio 2007). Condrey and Paul Battaglio (2007) suggest HR professionals who perceive that EAW is being misused for political or personal gain tend to associate the doctrine with discouraging best practices in government; that is, respondents’ attitudes about EAW’s negative effects on government performance are related to their own experiences and opinions about EAW’s misuse. If such fears are indeed tangible, then we also suspect that the impact may be related to notions of trust and fairness within the organization. Thus, we hypothesize that

\[ H_4 \] HR professionals who are more likely to view EAW as enabling spoils in the workplace will tend to be less trustful of management and the organization as a whole and less likely to view managers as treating employees fairly and consistently.

In order to tap the sentiment of spoils among HR professionals, we created an index consisting of levels of agreement with the four statements in table 1 labeled spoils. Thus, higher values are associated with stronger levels of agreement regarding the presence of spoils. The scale has a high degree of internal reliability, indicated by a Cronbach’s alpha of .833, with a mean of 10.48 and a standard deviation of 3.80.4

Agency size may also contribute to respondent perceptions toward EAW (Condrey and Battaglio 2007; see also Brudney, Hebert, and Wright 1999, 25; Coggburn 2005, 429–430; Kearney, Feldman, and Scavo 2000, 540). HR professionals in large agencies may be predisposed to dedicate extensive professional and technical resources toward experimentation with management reform. Additionally, recent research (Condrey and Battaglio 2007) noted that HR professionals in large agencies may have bought into the radical reform mantra in Georgia, perhaps, because EAW facilitates the overall management of these agencies because efficiency is a more overriding principle or concern in such agencies. However, we also consider the alternative that HR professionals may view larger agencies as less responsive to their immediate interests and that EAW further inhibits such interests. One classical explanation is that the government worker operates in his/her self-interest, in order to enhance power and position within the organization, regardless of whether or not the policies produced are efficient or in the public interest (Downs 1965; Tullock 1971). For HR professionals, civil service protections may have served as a way for furthering their self-interest, particularly through career advancement, irrespective of the scale of bureaucracy. In absence of such protections, large bureaucracy may be viewed as a hindrance to such advancement given that they must now compete with their peers for positions much like the private sector. Thus, based on this alternative, we hypothesize that

\[ H_5 \] HR professionals positioned in larger agencies within the EAW system will tend to be less trustful of management and the organization as a whole and less likely to view managers as treating employees fairly and consistently.

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4 The four spoils variables were also factor analyzed using iterated principal factor analysis. All four factors loaded positively with an eigenvalue of 2.269. Based on the results, one common factor was retained and put through an orthogonally rotated (varimax) solution. Factor scores were produced using Bartlett’s algorithm. The inclusion of the factor scores versus the additive index in the ordered logistic regression provided consistent results of significance with those provided here.
In addition, the percent of at-will employees reported by HR professionals within their respective agencies is considered. It is anticipated that the larger the percent of “unclassified” employees working in the agency, the greater the likelihood that agency personnel have bought into the EAW view of greater efficiency through managerial flexibility leading to the hypothesis that

\[ H_6 \] HR professionals positioned in agencies with a greater proportion of EAW employees will tend to be more trustful of management and the organization as a whole and more likely to view managers as treating employees fairly and consistently.

Consistent with previous research efforts on EAW (Bowman and West 2006; Coggburn 2006; Condrey and Battaglio 2007; Kellough and Nigro 2006), the research here includes respondent characteristics such as gender and education as controls. Regarding gender (coded 0 = Male; 1 = Female), it is reasonable to hypothesize that female HR professionals would be less trustful of the organization and management under EAW, given historical antecedents of discrimination against women and minorities in the workplace. Employment in the public sector under the merit system has generally provided an advantage for females given the sector’s stability and adherence to due process rights (Bernhardt and Dresser 2002; Moynihan and Landuyt 2008, 124). With respect to education, it is expected that HR professionals with greater levels of education (coded 1 = high school diploma; 2 = 2 year college degree; 3 = 4 year college degree; 4 = Master’s degree; 5 = Law degree; 6 = PhD or equivalent) will exhibit less trust in the organization and management given their ability to weigh the benefits of due process rights versus the argument of efficiency posed by EAW proponents. However, we also consider the rival hypothesis that these same HR professionals may consider the pros and cons of EAW in favor of the efficiency argument given their more marketable status with higher levels of education (Moynihan and Landuyt 2008, 123). The more educated may be more mobile and less concerned about finding employment elsewhere. Additionally, the present research considers age and length of service as factors having a separate and distinct affect on HR professionals’ perceptions of levels of trust (Moynihan and Landuyt 2008). Research consistently notes that age and length of service are positively related to commitment, serving as antecedents to levels of trust in the organization (Gould-Williams 2003). It may be that employees with greater tenure in the organization have significant investments (e.g., benefits and retirement) that reinforce their commitment to the organization (Moynihan and Landuyt 2008, 122). This in turn leads them to place higher levels of trust in the organization due to these assets. However, it is also true that older workers, generally having more workplace experience, are more likely to have viewed abuses of power in the workplace and would then be less receptive to EAW systems.

The sections that follow will examine the EAW/trust relationship with a focus on practicing HRs professionals. As demonstrated earlier, trusting workplace relationships

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5 An alternative specification of the education variable would be to create dummy variables, with all respondents attaining graduate education accounted for in one category, along with categories for 4-year degree and 2-year degree, respectively, with high school serving as the base category. Our initial ordered logistic regressions included these dummy variables. However, their inclusion resulted in violating the parallel regression (proportional odds) assumption. Although the present variable may not provide a neat progression, given the data limitations, we have opted to leave it in as an estimate for the affect of education on trust.
help undergird public management systems and processes. The testing of the previously stated hypotheses will help determine what effect EAW is having on workplace trust.

DATA AND METHODOLOGY

The present study builds on previous research concerning employee attitudes toward EAW systems (Bowman and West 2006; Coggburn 2005, 2006; Condrey and Battaglio 2007; Kellough and Nigro 2002, 2006) by specifically focusing on HRM professionals. The model offered and tested below should give practitioners and researchers a better understanding of state worker perceptions of EAW and how they arrive at conclusions specifically related to trust. Our analysis is based on a statewide survey in Georgia from January to March 2006 asking respondents to indicate their level of agreement with a number of statements evaluating EAW in the state of Georgia. Our data were collected from the sampling frame of Georgia state employees identified as having a significant HRM function in their respective organization. These respondents are members of the Council of State Personnel Administration—the state of Georgia’s HRM organization—and represent 88 state agencies, authorities, commissions, and boards.

Although the survey is limited to only HR professionals, their experience and status within agencies have a unique and substantive capacity to shed light on the recent era of public service reform in Georgia. Furthermore, since they view personnel actions affecting more than just their immediate work group, these HR professionals offer a unique vantage point to assess EAW implementation as well as organizational and managerial trust. Additionally, we would expect that HR professionals will be more aware of agency HR policies than other agency employees and more likely to be able to protect themselves against adverse actions in the workplace. These employees are essentially the “canary in the coal mine” since they are far more likely to have advanced knowledge of the failures and successes of EAW systems.

The survey was conducted following the tailored design method for mail surveys (Dillman 2000). Surveys were mailed to 534 Georgia HR professionals. A follow-up mailing resulted in a total survey return rate of approximately 51.3% or 274 completed surveys. Table 1 provides a summary of the survey questions employed in the present analysis and their descriptive statistics. These HR professionals work in agencies of varying sizes (from 15 full-time equivalent [FTE] to 20,000 FTE) throughout Georgia state government. Of the total population completing surveys, approximately 79% are female. Regarding race/ethnicity, survey responses indicated 1% are Asian, 2% are Hispanic or Latino, 27% are African-American, 69% are white, with the rest indicating other.6

6 Race was initially included in the three models. However, inclusion of the race variable resulted in violating the parallel regression (proportional odds) assumption for all three models. This suggests that race has a disproportionate effect on the likelihood that responses will fall into different categories of the dependent variable. This was especially true for the “fairness” model where whites were much more likely than nonwhites to score in the highest categories. For purposes of model integrity, race was excluded from the final ordinal regression models (see Stata Data Analysis Examples 2008; Long 1997).
Table 2
Spearman Correlations

<table>
<thead>
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<th>Variable Name</th>
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<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
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<th>10</th>
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</thead>
<tbody>
<tr>
<td>1. Fairness</td>
<td>1</td>
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<tr>
<td>2. Trust in</td>
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<td>Organization</td>
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<tr>
<td>4. Security</td>
<td>-0.2477**</td>
<td>-0.2875**</td>
<td>-0.3226**</td>
<td>1</td>
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<tr>
<td>5. Whistle-blowing</td>
<td>-0.3692**</td>
<td>-0.2548**</td>
<td>-0.3384**</td>
<td>0.2818**</td>
<td>1</td>
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<tr>
<td>6. Procedural</td>
<td>-0.3319**</td>
<td>-0.3073**</td>
<td>-0.4375**</td>
<td>0.2959**</td>
<td>0.4338**</td>
<td>1</td>
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<td>Justice</td>
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<tr>
<td>7. Spoils</td>
<td>-0.5033**</td>
<td>-0.3808**</td>
<td>-0.4775**</td>
<td>0.2295**</td>
<td>0.3268**</td>
<td>0.4165**</td>
<td>1</td>
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<tr>
<td>7. Education</td>
<td>0.0144</td>
<td>-0.0241</td>
<td>0.0316</td>
<td>0.0688</td>
<td>-0.0588</td>
<td>0.0314</td>
<td>0.0001</td>
<td>1</td>
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<tr>
<td>9. Gender</td>
<td>0.0179</td>
<td>0.0470</td>
<td>-0.0060</td>
<td>-0.1498*</td>
<td>-0.0452</td>
<td>-0.0498</td>
<td>-0.0444</td>
<td>-0.5061**</td>
<td>1</td>
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<tr>
<td>10. Age</td>
<td>0.0276</td>
<td>-0.1299*</td>
<td>-0.0422</td>
<td>0.0324</td>
<td>-0.0107</td>
<td>0.0206</td>
<td>-0.0579</td>
<td>-0.1435*</td>
<td>0.0065</td>
<td>1</td>
<td></td>
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<tr>
<td>11. Length of</td>
<td>0.0125</td>
<td>-0.1161*</td>
<td>-0.1182*</td>
<td>0.1048</td>
<td>0.0304</td>
<td>0.0519</td>
<td>-0.0506</td>
<td>-0.3308**</td>
<td>0.1292</td>
<td>0.4542*</td>
<td>1</td>
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<td>Service</td>
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<tr>
<td>12. Percent At-Will</td>
<td>0.0014</td>
<td>-0.0140</td>
<td>-0.0184</td>
<td>-0.1606*</td>
<td>0.0396</td>
<td>0.0200</td>
<td>0.1174*</td>
<td>-0.0424</td>
<td>0.0597</td>
<td>0.0208</td>
<td>-0.1112</td>
<td>1</td>
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<tr>
<td>13. Agency Size</td>
<td>-0.0154</td>
<td>-0.1397*</td>
<td>-0.0761</td>
<td>0.1957**</td>
<td>0.1536*</td>
<td>-0.0518</td>
<td>-0.0943</td>
<td>0.0989</td>
<td>-0.2368**</td>
<td>-0.0246</td>
<td>0.0681</td>
<td>-0.2644**</td>
<td>1</td>
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</table>

*p > .05, **p > .01.
Since the dependent variables used in this analysis are categorical (ordinal) variables and, thus, lack the continuous normal distribution assumed for ordinary least-squares regression (OLS), ordered logistic regression will be utilized along with the appropriate diagnostic techniques (table 2).\(^7\) Employing the diagnostic techniques ensured accurate specification of the models.

### RESULTS

The results of the three ordered logistic models are reported in table 3. The likelihood ratios \(\chi^2\) indicate that the models as a whole are statistically significant, thus, illustrating that it is extremely unlikely that these results are due to chance. In order to appreciate the

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\(^7\) Although the categories for an ordinal variable can be ordered, the distances between the categories are unknown. Because OLS assumes the distances between categories are equal, this can lead to fallacious conclusions when working with ordinal variables that are not continuous as is the case with the present data. Thus, we employ a maximum likelihood estimation technique, ordered logistic regression, in order to avoid these assumptions (see Long and Freese 2006, 183; Long 1997, 114–147). In order to ensure that our models do not violate the basic assumptions of ordered logistic regression, several diagnostic procedures were implemented, including a check for multicollinearity (table 2) and adherence to the proportional odds assumption. Spearman correlations are more appropriate for categorical variables because the technique does not assume a linear relationship between variables. The results from the Spearman correlations are interpreted the same as that of Pearson correlations. The proportional odds (or parallel regression) assumption asserts that the independent variables utilized in the ordered logistic regression have the same effect on the likelihood of each outcome in the dependent variables. Approximate likelihood ratio tests and Brant tests (Brant 1990) were employed demonstrating that the proportional odds assumption held for each of the independent variables in all models.
magnitude of the effects of independent variables on the outcomes, we report the odds ratios and confidence intervals in table 3 for interpretation. The odds ratio can be interpreted as the extent to which a particular variable increases or decreases the likelihood of an HR professional to support the three respective measures of trust. An odds ratio greater than 1 indicates that a higher trust score is more likely for each respective dependent variable, whereas odds less than 1 indicate that a higher trust score is less likely. If “1” is captured within the confidence interval, the variable is of no consequence in helping to explain the dependent variable.

As hypothesized, the index measuring spoils is the most consistent for the three models. Given that all other variables in the model are held constant, the odds ratio for spoils in the fairness model suggests that for a 1 unit increase in the spoils index the odds of high fairness (category 5) versus the other categories (4 through 1) are 21.5% less likely. Similarly, the odds of the combined fourth and fifth categories (strongly agree and agree) versus the other fairness categories are 21.5% less likely, all other variables held constant. In other words, an increase in the spoils index decreased the likelihood of respondents believing managers handle HR in a fair and consistent manner by 21.5%. Similar doubts are present in the remaining two models for managerial and organizational trust. The odds ratios for spoils in the other two models indicate that for a 1 unit increase in the spoils index the odds of high trust in management and high trust in the organization versus the other categories are 13.8 and 17.6 less likely, respectively.

With respect to the remaining predictors, we see similar reservations among the respondents. For security (recoded so a higher score indicates the sentiment that an employee is less secure in their position), the odds ratio indicates that for a 1 unit increase in security the odds of high trust in both management and the organization versus the other categories are 35.5 and 27.1% less likely, respectively. Again, as hypothesized, respondents indicating misgivings about job security in the EAW environment are less likely to trust both management and the organization when it comes to HR decisions and fairness. Regarding whistle-blowing, the odds ratio indicates that for a 1 unit increase in the belief that EAW discourages employees from reporting “wrongdoing,” the odds of high levels of managerial fairness versus the other categories are 33.6% less likely. In other words, as hypothesized, respondents viewing EAW as discouraging the reporting of agency wrongdoing are less likely to view managers as fair arbiters of HR decisions. Procedural justice and agency size are also significant predictors of trust in management and the organization. The odds ratio for procedural justice indicates that for a 1 unit increase in the perception that EAW could desensitize public employees to the notion of procedural fairness the odds of high trust in both management and the organization versus the other categories are 22.3 and

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8 When reporting odds ratios versus raw coefficients, the 95% confidence interval of the odds ratio is typically reported in the place of standard errors (Long and Freese 2006, 181). Long and Freese (2006, 181) assert that the odds ratio is a nonlinear transformation of the logit coefficient, and hence, the confidence interval is asymmetric.

9 For a 1 unit change in the predictor variable, the odds for cases in a group that is greater than k versus less than or equal to k are the proportional odds time larger (Stata Data Analysis Examples 2008).

10 The level of statistical significance for some of the variables is at the .10 level, thus not capturing “1” within the confidence interval. However, research suggests that these results still be reported as marginally significant (see Battaglio and Legge, forthcoming).

11 The 21.5% is calculated by converting the odds ratio in table 3 for Spoils in the “Fairness” model (.785) to a percentage and subtracting it from 100. If the odds ratio is greater than 1, for example, if the odds ratio for Spoils was 1.785, we would simply state that the odds for high fairness would be 78.5% more likely or 1.785 times more likely.
40.9% less likely, respectively. Thus, as proposed, HR professionals articulating the notion that EAW could lead to indifference with respect to procedural justice are less likely to trust both management and the organization when it comes to HR decisions. With respect to the size of the agency, the results suggest that larger agencies are less likely (with approximately a .006 and .007% drop in probability of trust in management and the organization, respectively, for each increase in FTEs) to trust both management and the organization with HR decisions as hypothesized.

Contrary to our hypotheses, most of the respondent characteristics (education, gender, and length of service) employed as controls do not have a statistically significant impact on any of the measures of trust. Additionally, the percentage of at-will employees in agencies fails to achieve statistical significance in the three models. It would appear that gender and education do not factor into HR professionals’ perceptions of trust as it relates to the EAW relationship. Although the relationship is not as strong as other variables, table 3 reveals that age, as hypothesized, is negatively associated with trust in management. This contradicts recent findings and earlier literature (see Gould-Williams 2003), suggesting a positive association with age and organizational commitment/trust. Regarding how much they trust management, older workers may be a harder sell when it comes to EAW systems.

**DISCUSSION**

As the preceding results section indicates, past employee experience with spoils in the workplace (firing competent employees for political and/or non-job-related reasons and then replacing them with politically connected individuals) is the most consistent variable across the models. As hypothesized, the perception that EAW enables spoils adversely affects employee perceptions of organizational fairness, managerial trust, and organizational trust. Although only marginally significant, the results also indicate that older workers are also less likely to express trust in management “when it comes to HR decisions” as hypothesized earlier. It may be that these older workers are less committed to public organizations, as previously suggested, given that the organizations are less committed to them in an EAW system. These older workers may be reluctant to embrace the changes from EAW, instead longing for the stability under the status quo previously adhered to under traditional merit systems (Moynihan and Landuyt 2008). This in turn may have led to declining levels of trust in management among older workers in the present EAW system. An alternative explanation is that these workers are more experienced and therefore are more likely to have seen management fads come and go and also more likely to have witnessed managerial abuses in the workplace, thus leading to low trust levels.

These findings suggest that a learning curve for organizational actors occurs as EAW systems are implemented; EAW may be met with initial optimism that these systems will free managers from unnecessary red tape associated with personnel regulations (see Condrey 2002). However, as experience with these systems increases and evidence of unfair actions accumulates, HR professionals may tend to sour on EAW’s overall effects in the workplace. This indicates that EAW systems may have a fundamental flaw: familiarity may indeed breed contempt. If this is so, EAW systems may, in fact, undermine the very public management systems they were intended to strengthen.

Furthermore, the impact loss of job security has had on trust may prove problematic for reformers aiming to enhance productivity through EAW. In their efforts to improve
productivity, reformers promised better pay, leave, or other benefits in exchange for less job security (Bowman and West 2006). However, research suggests that job security has a positive impact on employee productivity and commitment to the organization (Coyle-Shapiro and Kessler 2003; Gossett 2003; Green et al. 2006; Hays and Sowa 2006; Hindera and Josephson 1998; Lewis and Frank 2002; Radin and Werhane 1996; Schwoerer and Rosen 1989). Given the strong levels of respondent perceptions of loss in job security (77.66%), EAW may prove problematic for long-term recruitment efforts and overall organization performance. By exchanging job security in favor of managerial flexibility, reformers may have delivered a blow to employee commitment and organizational productivity.

Interestingly, agency size is also a significant predictor, indicating that respondents in larger agencies tend to be less trustful of management and the organization as a whole. In terms of self-interest, respondents in larger agencies may be expressing their fear that without civil service protections, large bureaucracy may be viewed as a hindrance to advancement given that they must now compete in an EAW system. These perceptions may relate to respondent attitudes toward loss of job security, diminished procedural fairness, and spoils. It is also interesting to note that independent variables such as education, gender, length of service, and percent of at-will employees in the respective agency make little difference in the analysis, counter to our hypotheses. Perhaps actual experience with and concrete evidence of spoils in the workplace is the great equalizer in assessing EAW systems. This indicates that, absent abuses, HR professionals are receptive to EAW systems; however, when they become aware of such abuses, their view toward EAW becomes less sanguine.

**CONCLUSION**

Our findings have implications for both supporters and detractors of public management reforms and more specifically EAW systems. It appears that HR professionals are somewhat receptive to the concept of EAW personnel systems. However, HRM does not take place in a vacuum. When the reality of these systems is experienced, abuses are viewed, and evidence of spoils-like activities appears. The results suggest that HR professionals tend to sour on EAW implementation and to, in turn, exhibit less trust in management and in their respective organizations. This phenomenon may indicate that EAW systems have a fundamental flaw in that they undermine trusting workplace relationships necessary for effective public management.

As Hays and Sowa (2007) indicate, at-will employment practices are diffusing at a rapid pace among the American states. It will be interesting to see if the results in these states mirror Georgia’s experience. As experience with EAW grows in the workplace, we may expect an administrative backlash in some states as abuses are chronicled. However, the story may be more subtle in other states, particularly those without union protection and a vigilant press: excellent civil servants may be replaced with well-connected cronies. The result may well be reduced trust in public management and organizations by employees and the public alike.

Alternatively, NPM reforms may represent a necessary rollback of outmoded traditional merit principles in favor of greater agency discretion in management practices (Woodard 2005). Although such a move is sure to generate apprehension, rules and regulations grounded in employment law and the regulatory environment with respect to equity and fairness provide a firewall. Although such law should act as a counterbalance to merit retrenchment, at the state level, such perceptions may be dubious in cases of more
“radical” personnel reforms. In a right-to-work state such as Georgia, the presence of such employment law may not be readily apparent or the right to recourse easily accessible. Hays and Sowa (2006, 111) suggest that even in states where such a labor presence is substantial, the move to greater managerial discretion may frustrate due process protections. The findings presented here with respect to procedural fairness and trust suggests such apprehension may be real in the case of Georgia.

Moreover, perceptions of loss of job security, diminished procedural fairness, and spoils may be related to the self-interest assumption in the agency size findings. Proponents of NPM reforms would suggest that individuals who work in bureaucracy take a more comprehensive view of personnel reform, supporting the most efficient and effective option, regardless of how it affects them. These same proponents would contend that bureaucratic professionals should place a collective interest above their own. But the data presented in this analysis reveal that such a view might be beyond what is realistic. HR professionals may fear that large bureaucracies are less responsive to their interests in an EAW environment, especially in their agency’s ability to protect against political patronage and promote due process. Although the self-interest hypothesis provides some insight, further analysis is needed to gauge the “rational choice” assumption. Perhaps, reformers have underestimated the impact of merit systems as a motivation for effective public management.

Finally, our research focus on HR professionals, while illuminating, must be broadened to include other stakeholders. Clearly, assessing the perceptions of employees’ at the street level would further the research agenda presented here. Their experience in the trenches puts public employees in a unique advantage to see the impact of EAW on the ground floor (Kellough and Nigro 2002, 148). The long-term ramifications of EAW may hinge on the trust public employees place in their respective agencies as well as their supervisors. Additional research in this light would go a long way toward building a more comprehensive assessment of EAW.

In summary, it is hard to predict the path that EAW will take in the American states. Our view is that it will continue to spread to other states and expand where it is already established. In some cases, EAW may, indeed, aid in the implementation of NPM techniques; in others, it may serve to thwart the effective and open functioning of democratic government.

REFERENCES


Long, J. Scott., and Jeremy Freese. 2006. in *Regression models for categorical dependent variables using stata*, 2nd ed. College Station, TX: Stata.


