Why do public managers avoid enforcing sanctions for unsatisfactory contract performance?  
Perspectives from local governments

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Abstract

Governments continue to increase their reliance on private and nonprofit agents to deliver goods and services to citizens. As a result, contracting and other market-based strategies have replaced traditional bureaucratic models of public service delivery. Yet there is a dearth of scholarly research on the critical decisions made by public managers throughout the contract implementation process – decisions that can have a profound impact on the quality of services delivered to citizens and on the accountability of contractors to the public interest.

This research addresses the accountability dynamics in local government contracting, specifically in the decisions public managers make to determine whether and how much they sanction contractors for unsatisfactory performance. To answer these questions, data for this study is obtained from a national survey of local government managers and extensive interviewing. Understanding the use of contract sanctions – and why they are avoided – can elucidate both the decision-making process and as importantly, the influence of this action on service quality and public accountability.

Public managers have powerful tools available, especially in the form of sanctions, but the results of this study indicate that several factors prohibit their execution – namely the burdensome nature of the sanctioning process, willingness to use discretion, and the extent to which the organization is dependent on the unsatisfactory contractor. This research contributes to an understanding of these impediments and how they compromise accountability by offering a new appreciation of the complexities of maintaining accountability in third party governance.
Over the past three decades, market-based approaches to public service delivery have increasingly been adopted by local governments as well as within state and federal agencies. The objective of these new approaches is to exploit efficiencies through competition, specialization, economies of scale, and flexibilities that are available through private provision or partnerships. Contracting for goods and services that have been historically provided by the public sector pose accountability challenges through what is sometimes called “third-party governance” (Salamon, 1981). Questions of accountability – for what and to whom (Posner, 2002) – become far more difficult to answer as networks of public agencies, contractors, and subcontractors grow more complex and functionally ambiguous, and as for-profit firms, nonprofits, quasi-government organizations and other public offices provide public services. For scholars of public administration, the imperative is to better understand the accountability dynamics in these third party governance structures, especially those related to the contract implementation process.

As the literature on contracting has evolved, scholars have more recently turned their attention toward exploring the determinants of the contracting decision and assessing the influence of political, economic, organizational and institutional contexts (Fernandez, Rhu, & Brudney, 2008; Amirkhanyan, Kim, & Lambright, 2007; Greene, 2002; Boyne, 1998). There is also a growing scholarship that examines implementation, focusing on managers on the front line of public service contracting and measuring such issues as the performance of contracts (Amirkhanyan, 2009; Fernandez, 2009, 2007; Johnston and Girth, 2009; Amirkhanyan, et al., 2007), the effects of decreasing administrative capacity (Brown & Potoski, 2006, 2003; Van Slyke 2003), and the effectiveness of various implementation strategies (Van Slyke, 2007; Romzek & Johnston, 2005, 2002; Johnston & Romzek, 1999). Despite the growth in scholarship in public service contracting, there are many important questions relative to contract accountability that remain unanswered.

A growing number of contracts include incentive provisions (Heinrich 2007; Behn and Kant 1999). Penalties and rewards provide the foundation to motivate contractors and network
partners (Goldsmith & Eggers, 2004) and accountability is maintained through the threat of sanction. When this threat is empty or absent, vendor opportunism can result posing a considerable threat to public value and contract accountability. With notable exceptions (see Lambright, 2009; Marvel & Marvel, 2009, 2007; Van Slyke, 2007; Shetterly, 2000), there is little attention paid to the use of incentives in studies of government contracting beyond contract specification. While well-written contracts with specified performance measures are critical first steps toward accountability, they are virtually worthless without vigilant execution.

This study focuses on the actions of local government managers and examines the use of sanctions in holding contractors accountable for their performance. Specifically, this paper addresses why sanctions are used in some instances of unsatisfactory contract performance but not in others, examining the barriers to imposing sanctions. To answer these empirical questions, results are drawn from recent national survey data, supplemented by semi-structured interviews with contract administrators.

Understanding the application of sanctions for unsatisfactory contract performance is important for a number of reasons. First, sanctions are a critical tool available to public managers to hold third parties accountable for their performance. Sanctions are not the only way to ensure accountability is maintained in contracting, however they are one of the most powerful techniques to either correct or penalize performance shortfalls. Second, there is some evidence to suggest that while sanctions are included in contracts, they are not often used. This emerged in preliminary interview data conducted by the author. A recent U.S. Government Accountability Office (2009) report also raises this issue, citing federal agencies for not enforcing sanctions for poor performance (and continuing to provide award fees – a type of financial reward – despite performance problems). Sanctions are designed as a threat to the contractor to induce performance, showing the purchasing organization’s commitment to consequences for

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poor performance. Yet if sanctions are not invoked, the threats are empty and can compromise the performance of the contract.

While informal means of resolution are a viable – and sometimes appropriate – mechanism to resolving performance issues, an alternative problem could arise when they are used at the expense of formal actions. “The service provider may learn from such discussions that its performance could be better, but could also realize that failure to accede to the preferences of the contracting government does not generate penalties” (Marvel & Marvel, 2009, p. 197). The threat of sanction alone (as stipulated in the contract) may not provide enough incentive to change behavior, which means that public managers should demonstrate a commitment to enforcing corrective or punitive action for unsatisfactory performance.

**Contract Incentives**

Agency theory, which underlies the fundamentals governing contract management, incorporates the “carrot and stick” approach to contract administration. This model assumes the threat of financial sanction or loss of the contract will motivate vendors to maximize contract performance, namely because the vendor fears replacement by a competitor (Cohen & Eimicke, 2008; Donahue, 1989). Likewise, appropriate reward systems are expected to induce desired performance results and increase goal consensus between the government purchaser and the contractor. Stewardship theory has also gained theoretical ground in explaining contract management, namely in the nonprofit context. Scholars have examined differing approaches to contract management by comparing or combining features of both agency and stewardship theory (Lambright, 2009; Marvel & Marvel, 2009; Van Slyke, 2007) and research in nonprofit contracting has yielded evidence that collaborative, relational approaches to contracting are more dominant, consistent with stewardship theory (although Lambright, 2009 and Van Slyke, 2007 contend that agency and steward theory are complementary, not mutually exclusive).

The connection between performance and the use of incentives is a fundamental one. As Marvel and Marvel (2009) note, dissatisfaction with public sector performance leads to the use of market-mechanisms, such as sanctions, in public service delivery. “Recognizing that market
systems typically offer sharper incentives than does government...the expectation among some reformers is that gains in efficiency and effectiveness will be obtained through high-powered incentives...” (p. 184). Thus, the use of sanctions as a management tool is directly related to the expansion of market-based public service delivery and performance-based governance.

Contract incentives take two forms: positive incentives, or rewards, for satisfactory performance, and negative incentives, or sanctions, for unsatisfactory performance. Rewards can be monetary in nature, to include award fees/bonus payments or contract renewal or extension, or they can be non-monetary such as public praise or commendation of the contractor by the purchasing organization. Decisions to execute rewards or sanctions fall into the realm of discretionary actions by the public manager, within the constraints of legal requirements (Brown, Potoski & Van Slyke, 2006). Just as there are many types of contract rewards for satisfactory performance, managers may respond in a variety of ways to unsatisfactory contract performance. To further enumerate, public managers may elect to:

- Take no action. In this case, the manager chooses to ignore the performance problem altogether.

- Address the issue informally with the contractor. The manager opts for an “off the record” response which is not formally documented. Informal resolution may also include a collaborative approach to resolving the performance problem.

- Take formal action. In this case, the manager formally sanctions the poor performing contractor. A formal sanction may be a written warning documenting the infraction, or the assessment of a financial penalty (e.g. withholding payment to a contractor for a deliverable, assessing damages to be paid by the contractor to the purchasing organization). The manager may choose to terminate the contract, or in the most egregious cases, bar the contractor from bidding and/or being awarded future contracts with the organization.

Figure 1 illustrates the range of managerial responses to contract performance problems, showing the various types of sanctions (beginning with no sanction) available to public managers and the escalation of responses in intensity.² Through primary data analysis, this

² In rare cases, a contractor may prefer contract termination to financial penalty for a low monetary contract (i.e. when the penalty outweighs the profit value of the contract). However, losing the contract and/or forgoing the opportunity for future work is widely regarded as the most damaging sanction (Cohen & Eimicke, 2008; Kelman, 1990).
study attempts to specify the probability of sanctions identified here and identifies impediments to formal sanction. This includes examining the determinants of the use and severity of sanctions that public managers employ in response to poor contract performance. The objective is to glean insights into the factors that influence the decisions public managers make that influence contract accountability.

[Insert figure 1 about here]

Examining Sanction Decisions

Drawing from exploratory interviews with contract managers and a review of the literature, five constructs are identified toward building a theoretical model to begin to answer whether and how much public managers sanction contractors for unsatisfactory performance. Because there is little known about the use of contract incentives in public implementation, this study not only draws from public management and related literatures, but also incorporates knowledge from federalism and regulatory studies – which have notable incentive features – to develop testable hypotheses. The key factors that influence the decision to sanction are illustrated in figure 2 and are discussed in further detail in this section.

[Insert figure 2 about here]

Political Support for Contracting

The political environment and preferences for the use of the contracting tool can influence contract management practices. The mere decision to outsource can be motivated by an ideological preference for market-based solutions (Nicholson-Crotty, 2004; Kettl, 1993; Ferris, 1986). In these instances, contracting decisions may be undermined by “the blindness of ideology” (Cohen & Eimicke, 2008, p. 19), often at the expense of sound evaluation of the environment for outsourcing (Boyne, 1998). It is understood that these motives can ultimately compromise public managers’ ability to hold contractors accountable (Cohen & Eimicke, 2008; 2008).

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3 Twenty-four (24) semi-structured interviews were conducted with public managers with contract management experience in federal, state, and local agencies. A grounded theory approach (Glaser & Strauss, 1967; see also Sandfort, 2000) was used – general findings on contract management revealed insights on the use of contract incentives. These early interviews also informed the development of the survey instrument.
Van Slyke, 2007).

Exploratory interviews demonstrated how political attitudes and interventions influence contract management strategies (i8, i16). According to one manager, political principals “willfully underestimate resources” needed for effective contract administration, constraining the government’s ability to manage and oversee contracts. She went on to say that policymakers think they are acting in the taxpayers interest by conserving resources (i8), but the reality is that accountability can be compromised when there are insufficient resources for contract management. Changes in political administration can also yield attitude shifts about contracting out and/or building in-house capacity. Managers who were interviewed indicated that directives (as well as informal signals) from political principals result in more or less contracting by their organizations (i1, i4, i16). These changes can also extend to the types of contracts that are used (e.g. use of sole-sourced contracts) and the management strategies that are employed (i14).

The bias for private provision can also influence the accountability mechanisms available to public managers from political principals. In a recent study, Marvel and Marvel (2009) found that

…monetary rewards/sanctions are a ‘tough sell’ for managers who seek approval for their use from elected officials. The elected officials commonly appear to believe that for-profit outsourcing requires that the tariff paid for the service depend on price and quantity and that quality will be provided in due course” (p. 200).

In essence, elected officials buy into the notion that the private sector can simply do it better than their public sector counterparts – assuming that quality will increase so utilizing incentives are not necessary.

Because political commitment to market solutions can influence the managerial decisions that are made, managers may be less likely to impose sanctions when their political

\[4\] For reporting consistency interviewees were assigned a unique identifier (i1-i24 for pre-survey interviews; i25-i39 for post-survey interviews, the latter is addressed in the “Discussion” section). Each interviewee is cited using this identifier to preserve the “voice” of the interviewee.
principals express higher commitment to the use of the contracting tool. By their very nature, penalties impose harm either financially or to the reputation of the contracting firm. As this hypothesis states, when political commitment to outsourcing is high, there may be less incentive for the contract manager to penalize vendors with sanctions.

\[H1: \text{Sanctions are less likely and less substantive when political commitment to contracting in the purchasing organization is high.}\]

**Burdensome Sanctioning Process**

Government procurement is notoriously characterized as a rule-bound process, burdened with red tape and procedural constraints. While managers may have powerful tools available to hold contractors accountable for performance, the process that they must follow in order to execute said tools may be sufficiently onerous to deter public managers from their use. The protections that procurement rules provide – namely ensuring equity, fairness in bidding, and preventing waste, fraud and abuse – come at a cost. Rules can be resource-intensive and time-intensive for public managers (Kelman, 2009; Cohen & Eimicke, 2008). Several interviewees expressed frustration with the burdensome nature of the contracting process and believed that it served to impede rather than enhance their responsibilities as a contract manager (i1, i2, i3). As one manager noted, the “process is so bureaucratic” that it often works against effective contract management (i2). This echoed another manager’s contention that the process “promotes gridlock” in lieu of success (i3).

Procedural procurement constraints add to the transaction costs of contracting and can defer management resources away from other administrative activities. When transaction costs are high, organizational resources that would have been devoted to monitoring might have already been exhausted (Barzel, 1985). This leads to the next hypothesis. That is, when the transaction costs of sanctioning are higher, (i.e. the process for sanctioning involves more red tape) managers will be less likely to invoke sanctions. Although the process for executing sanctions for poor performance is often specified in the contract between the government and contractor, procurement policies generally define the procedures for carrying out punitive
action. While creating a fair and equitable process for sanctioning, the sanction process is also meant to provide critical accountability controls to maintain public value while contracting for goods and services. Yet when the sanction process is perceived as burdensome, the public manager may not be willing to incur the transaction costs associated with the process even when contractor performance is unsatisfactory, preferring to opt for informal mechanisms or ignore the problem altogether.

\textit{H2: Sanctions are less likely and less substantive when the sanction process is more burdensome.}

\textbf{Use of Managerial Discretion}

Contracting for goods and services is one of the critical discretionary actions made by government managers (Vaughn & Otenyo, 2007). Public managers have two primary responsibilities when they engage in contracting: to make sure that process and policy are adhered to; and to bring contractors into compliance when performance problems arise. When public managers choose not to enforce contract terms, and consequently, fail to obtain desired outcomes, public value can be compromised and tensions can be created between administrators and political principals. As such, contracting has raised key questions about discretion – especially the potential for corruption and abuse in discretionary actions and the lack of accountability to citizens (Cohen & Eimicke, 2008; Behn, 2001). Discretion can open up the implementation process to manipulation and exploitation, particularly when resources are being allocated (Goodin, 1988, as cited in Forsyth, 1999), as in government contracting. Interviewed managers reported discretion can also lead to confusion and inconsistency. Essentially, when discretion is used and the “rules of the game” are in constant flux, it can make management even more difficult, especially when operating in a severely resource-constrained environment (i1).

Discretion can also allow for greater flexibility and as a result, increase efficiencies. New Public Management, with its emphasis on discretion and results-based management is a direct response to the failures of rules and processes created by the political system (Morgan, 1990). Turning implementation over to public servants allows decisions to be based on information
and competence instead of political goals, ultimately increasing efficiency in implementation (Forsyth, 1999; Morgan, 1990). However, managers often need to balance the rigidity of rules with the flexibility of context, and discretion allows for subjectivity in decision-making based on the unique requirements of the situation (Lipsky, 1980).

In their research on the regulatory environment, Bardach and Kagan (1982) effectively illustrate how challenging it is for individuals to strike this necessary balance between legalism and flexibility when in an evaluative role.

An inspector’s failure to insist on strict compliance can easily come to the attention [of various stakeholders]….Any of these observers might misinterpret or disagree with the original inspector’s assessment of the situation. Not only the inspector but also the agency as a whole can then be accused of ‘taking the law into their own hands,’ favoritism toward the particular enterprise, or of jeopardizing the health and safety of innocent persons (Bardach & Kagan, 1982, p. 204).

Due, in part, to the reality that anyone dissatisfied with discretionary decisions can allege complaint, corruption, or favoritism against the public official and/or agency, legalism can have a tendency to prevail over cooperative approaches. This occurs “not because of their useful offensive function of providing more deterrence, but because of their defensive function of showing that the agency has been acting in conformance with laws and has been as systematic and as tough as existing manpower and sanctions enable it to be” (Bardach & Kagan, 1982, p. 207-208). Essentially, citizens and policymakers want government to be punitive when performance is poor, and “to be tough with vendors requires considerable judgment and discretion on the part of government officials” (Kelman, 1990, p. 90).

The public manager must calculate the contractor’s performance and determine the appropriate response, but in doing so, the manager must also consider the organizational norms and policies that govern their decision-making ability (Whitaker, Altman-Sauer & Henderson, 2004). All else being equal, an organizational culture that is more flexible and encouraging of innovative decision-making will likely contribute to the contract manager’s use of discretion in the utilization of sanctions. Interviews support this notion; according to one manager, the lack of flexibility for contract management can impede contract performance. This manager noted
that the organization “stuck to schedule at the expense of [a] good deliverable.” Although the contractor failed to meet performance expectations, at the same time, the agency “wasn’t willing to be flexible” in adjusting the contract timeline which ultimately hurt the organization (i22). This manager was willing to exercise discretion to enhance performance, but it wasn’t available to her in her organizational environment. Whether public managers have discretion will impact whether they use discretion. As a result, organizational tolerance of discretion is used as a control in the formal models discussed in the following sections.

In sum, public managers routinely make decisions based on their professional expertise and personal judgments. In addition to organizational attributes, whether public managers use discretion can also be traced to the individual’s characteristics (Maynard-Moody & Portillo, 2010; Maynard-Moody & Musheno, 2003; Sowa & Selden, 2003; Scott, 1997; Hunter & Waterman, 1996). As noted, the literature is unclear, however, in the punitive context. For example, managers who have more autonomy in decision-making may be less inclined to issue sanctions. Yet it is also possible that more discretion is linked to invoking penalties. Because of this ambiguity, a non-directional hypothesis is offered in this analysis.

\[ H3: \text{Managers’ willingness to use discretion has an effect on the use and severity of sanctions but the direction of the effect is not clear.} \]

**Trust in the Government-Contractor Relationship**

The literature suggests that trust in the management of government contracts is a critical dimension of contract accountability. Trust can reduce transaction costs between parties and serve as a substitute for monitoring (Van Slyke, 2009; Edelenbos & Klijn, 2007; Vidal, 2006; Goldsmith & Eggers, 2004; Smith & Smyth, 1996; Williamson, 1975). However, government contracting entails some level of tension between the contractor and the purchasing organization. The absence of this tension and over-reliance on trust can foster a situation in which the public manager reduces or neglects oversight duties, allowing the contractor to take advantage of the purchasing organization. Thus, the degree of trust in the government-contractor relationship is an essential element of the theoretical model designed to determine
the conditions under which public managers invoke contract sanctions.

In the contracting relationship, trust involves a certain level of risk from both the government and the vendor in achieving expected performance and maintaining programmatic outcomes. Trust is costly – in terms of the time it takes to develop a trusting relationship, in determining which contracts receive higher levels of monitoring, and in terms of how to design incentives to facilitate and protect trust in the government-contractor relationship. Trust, reputation, and past experience with contractors are highly influential in contracting relationships, particularly in terms of contract selection and maintenance (Johnston & Girth, 2008; Van Slyke, 2007). Trust is also a key element in contract monitoring and performance management (Amirkhanyan, 2009; Van Slyke 2007). There is some evidence to suggest that trust can lead to improved contract performance (Fernandez, 2009; Sclar, 2000; Williamson, 1985). Trust also has a positive effect on future cooperation (Lambright, et al., 2010), suggesting that when the government-contractor relationship is characterized as trust-based, there may be a decreased willingness to threaten the opportunity for future cooperation by sanctioning the contractor.

Over time, interpersonal relationships develop between contractors and the contract managers to whom they report. Under certain conditions, these relationships evolve into trust. While trust is an important consideration in the government-vendor relationship, an over-reliance on trust can arguably compromise contracting outcomes. Perceptions of “cozy insider relationships” can be problematic in cooperative relationships, particularly if performance problems are overlooked (DeHoog & Salamon, 2002, p. 334). As trust develops, so too might complacency in expectations (Amirkhanyan, 2009), or unwillingness to sanction.

There is conflicting evidence on whether incentives foster or impede the development of trust in a relationship. According to Hardin (2002), incentives can be used to develop trust, and that “[it’s] the benefits of further interaction that ride on present trustworthiness” (p. 128). However, relying on formal market mechanisms can signal distrust and impede cooperation (Poppo and Zenger, 2002), and as Marvel and Marvel (2009) find in their research on nonprofit
contracting, the use of incentives “undercuts the trust central to stewardship” (p. 190). Van Slyke (2007) shows that public managers opted for confrontation instead of enforcing sanctions when nonprofit contractors performed poorly. “Informally, public managers spoke of no longer trusting the provider, affording them less discretion and legitimacy, allocating funding incrementally rather than all at once, and scrutinizing their performance reports” (p. 173).

Although incentives are available, some public managers rely more on leveraging trust in the government-contractor relationship to address performance problems. Managers may defer to trust as a proxy for accountability and/or not want to harm a contractor with whom they have a trusting relationship by invoking a sanction. As the next hypothesis implies, penalizing a contractor with whom a trust relationship exists will likely be an undesirable option for a contract manager, even if the terms of the contract require sanctions.

**H4: Sanctions are less likely and less substantive when the public manager’s trust in the government-contractor relationship is high.**

**Government Dependence on Contractors**

A salient concern in contracting is the level of dependence the purchasing organization has on its contractors. When public managers become overly dependent on their organization’s contractors, they risk vendor opportunism and compromised contract accountability. Vendor opportunism results when the contractor takes advantage of their position as a preferred provider – recognizing the government is compromised in its ability to replace that contractor. This may be due to a lack of competition, and/or inadequate technical expertise or resources by the purchasing organization to complete the contract.

Interview data reveals that the agency’s level of dependence on the unsatisfactory performing contractor can influence the manager’s decision to sanction for performance shortfalls. There’s “much hesitation to use [contracts] to their full extent” because “people don’t want to rock the boat” (i17). In part because the organization may not have the capacity to pursue sanctions or have viable provider alternatives.

As contracting increases, in-house government capacity diminishes because of staffing
cuts and resource-constraints (Van Slyke, 2007, 2003; Milward & Provan, 2000; Auger, 1999). Inadequate capacity and expertise (Van Slyke, 2007; Brown & Potoski, 2006; Romzek & Johnston, 2002; Milward & Provan, 2000; Johnston & Romzek, 1999; Smith & Smyth, 1996) threaten the ability to hold contractors accountable because the remaining staff resources are simply too constrained to effectively manage their contracts. When governments fail to maintain capacity, they become dependent on contractors (Cooper, 2003).

The use of incentives and monitoring tools can counterbalance vendor opportunism (Barthélemy & Quelin, 2006), sending signals that the government will enforce penalties and take steps to otherwise hold contractors accountable. In some cases, local governments may contract services back in (i.e. resume in-house provision) when they perceive vendor opportunism (Lamothe, Lamothe & Feiock, 2008; Warner & Hefetz, 2008; Hefetz & Warner, 2004). However, this is not always a viable option, especially when the contracting government has shed internal capacity, leaving it without administrative resources to internalize the service. This is especially true in capital-intensive service areas. Further, there may not be political will to provide a once contracted service in house.

Competition can also influence contractor dependence by the purchasing organization. Hefetz and Warner (2004) report survey results indicating that nearly 25% of respondents in city governments, where competition should be strongest, report low levels of vendor supply. For local governments contracting out social services, similar problems exist (Van Slyke, 2007, 2003). As a result, vendors can seize upon their preferred position, knowing the purchasing organization is vulnerable because they cannot be replaced with another firm – such vendors could have less incentive to perform at high levels. In the wake of performance failures, the government can be held hostage, unable to sanction (and therefore harm their only provider) and also unable to maintain contract accountability. Competition is a key theoretical control in the models, in part because of its impact on dependence.

In instances where capacity is constrained, competition is weak, and institutional knowledge is lost, purchasing organizations can become dependent on the contractor. When the
purchasing organization is not as dependent on its contractors, public managers will be more likely to hold contractors accountable for performance – in particular enforcing sanctions when performance is unsatisfactory. Applying the principal-agent framework, the government principal is in a weak bargaining position and the contractor agent has an information advantage in these dependent circumstances – over time, the contractor knows more about the provision of the service and the true cost of the contract than the purchasing organization. In these cases, governments are challenged to hold contractors accountable for their performance when there may not be a viable alternative available to them. Although performance may be problematic, managers may not be inclined to “harm” the contractor by enforcing contract penalties, as indicated in the final hypothesis.

H5: Sanctions are less likely and less substantive when the purchasing organization is more dependent on the poor performing contractor.

A summary of hypotheses is presented in table 1.

[Insert table 1 about here]

Data and Method

Data is collected from interviews and a national survey of local government contracting officials – city managers and department heads – collected by the author and based on a sample drawn from The National League of Cities. The dataset is restricted to survey respondents who have past experience with unsatisfactory contract performance because the analysis is most concerned with whether a sanction is carried out in the face of performance

5 In addition to the 24 interviews conducted pre-survey, 15 semi-structured interviews were conducted post-survey to validate quantitative findings and shed light on anomalous results.
6 Department directors and their representatives are subject matter experts in their service area. They are also responsible for their department’s contracts and have experience with contract management.
7 The sample is drawn from The National League of Cities’ Association Management System, which contains contact information from over 40,000 local government officials across the U.S. Surveys were sent via electronic mail and facsimile to a random sample of city managers and a convenience sample of functional specialists representing the directors of human services, information technology, parks and recreation, public works, and inspection services in cities with populations over 25,000 (n=2,195). The dataset includes 332 observations, representing a response rate of 15%, a rate consistent with other national surveys of local government officials on contracting issues (Warner and Heftez 2009) and for data collection by NLC.
Problems with contract performance are treated as a prerequisite to the manager’s ability to enforce a sanction and the survey measures past experience with contract performance.

The test the hypotheses, two multivariate models are constructed with unique dependent variables that illustrate discrete measures of the use and severity of contract sanctions:

- **Model 1**: *Use of formal sanctions for unsatisfactory contract performance* measures the use of sanctions in a specific instance of unsatisfactory performance. Framing was used to prompt public managers to think about a single contract that best reflected their experience with unsatisfactory performance. Conceptualizing this specific contract, managers responded to a series of survey questions about the characteristics and performance of the contract. Binary variable coded 0 [0 = 71 (36.6%)] if a formal sanction was not imposed, 1 [1 = 123 (63.4%)] if the public manager imposed a formal sanction.

- **Model 2**: *Severity of sanctions for unsatisfactory contract performance* measures the severity of the sanction imposed in a specific instance of unsatisfactory performance. Ordinal variable coded 0 [0 = 7 (3.6%)] if the manager did nothing, coded 1 [1 = 64 (32.9%)] if the manager resolved the issue informally, 2 [2=15(7.7%)] if the manager issued the contractor a written warning, 3 [3 = 51 (26.3%)] if the contractor was assessed a financial penalty, 4 [4 = 50 (25.8%)] if the government terminated the existing contract, 5 [5 = 7 (3.6%)] if the government barred vendor from future contracts.

There are five key explanatory variables relating to hypotheses 1-5. Each of the variables is explained in detail below and expected directional impact on the use and severity of sanction is in parentheses.

- Political support for contracting: Ordinal variable generated from responses to: The elected/appointed officials that oversee my agency/dept support contracting whenever feasible. (-)
- Burdensome sanction process: Ordinal variable generated from response to: The process for sanctioning a contractor involves too much red tape. (-)
- Willingness to use discretion: Past use of a manager’s discretion serves as a proxy for willingness to exercise discretion in the management and implementation process. Ordinal variable generated from response to: I usually make decisions based on standard operating procedures (inverted). (+/-)

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8 This reduces the size of the sample for this analysis to 194. Statistical analysis was completed to test for nonresponse bias and it does not appear to be an issue for observable factors, however nonresponse bias cannot be ruled out based on other unobserved characteristics.
• Trust: Ordinal assessment pertaining to a specific unsatisfactory contractor generated from response to: This contractor was among the most trusted contractors that my agency/dept works with. (-)

• Dependence on contractor: Index variable\(^9\) pertaining to a specific contract generated from responses to: My agency/dept had the technical expertise to provide this service in-house; My agency/dept had the resources available to provide this service in-house. (-)

In addition to the key explanatory variables, there are a number of theoretically relevant controls in the models, described below. See table 2 for the descriptive statistics of all independent variables.

• Attitude toward contracting: The use of sanctions will increase when positive attitudes toward contracting decrease. Index variable generated from responses to: I trust most of my agency/dept’s contractors to adhere to contract terms; I trust most of my agency/dept’s contractors to act in good faith.

• Commitment to incentives: Performance-based contracting is premised on the use of positive and negative incentives, therefore, it is expected that as the organization’s perceived commitment to incentives increases, the use of sanctions will increase. Index variable captures whether the organization’s culture embraces the use of contract incentives.

• Competition: It is expected that as competition increases, better performance will result and there will be a decrease in the use of sanctions. Index variable that measures the manager’s perception of the availability of vendors in the market.

• Contract specificity: It is expected that as contract specificity increases, the use of sanctions will decrease because of the inability to effectively monitor performance due in part to the higher transaction costs of monitoring. Index variable that measures the public manager’s perception of the complexity and importance of the poorly performing contract compared to other contracts in their portfolio.

• Contractor capacity: It is expected that greater administrative capacity by the contracting firm will result in better performance, and thus a decrease in the use of sanctions. Index variable that measures the public manager’s perception of the capacity of the unsatisfactory contractor to manage the implementation of contracts in terms of resources and financial capability.

• Discretion – organizational: Ordinal variable that measures the organization’s acceptance of discretion, as perceived by the respondent. It is expected that organizational tolerance for managerial discretion will affect the manager’s propensity to exercise discretion, and thus impact the use of sanctions.

• Experience: The public manager’s experience with managing contracts may also influence their willingness to impose sanctions. Variable captures the number of years the individual has managed public service contracts.

\(^9\) Index variables are averaged values of more than one ordinal survey response.
• Government capacity: It is expected that greater administrative capacity will result in more vigorous performance monitoring, and thus an increase in the use of sanctions. Index variable measures the public manager’s perception of the capacity of the purchasing organization – in terms of resources, time, and expertise – to manage the implementation of contracts.

• Population: It is expected that larger governments will have more experience with contracting; a greater propensity to sanction may result in municipalities with higher population. Variable reports the log of municipal population.

• Sector: The type of unsatisfactory contractor may influence the decision of the public manager to impose sanctions. Managers may take a more relational approach to resolving performance problems with nonprofit firms and other governments and more likely to use sanctions with for-profit firms. Binary variable identifying unsatisfactory contractor as a for-profit firm.

• Service area: The nature of the service that is being contracted may affect whether the manager invokes sanctions. Series of binary variables indicating whether the contract pertains to building inspection, city administration, human services, information technology, parks and recreation, or public works.

[Insert table 2 about here]

Survey Results

Stata10 is used to produce each of the models discussed in this section. The coefficients and standard errors are generated using a clustering technique to obtain robust standard errors.10

Model 1 – Use of Formal Sanction for Unsatisfactory Contract Performance: Table 3 presents logistic regression results for Model 1. The model performs reasonably well; as expected, burdensome sanction process, and dependence on the contractor have negative, significant effects on the likelihood that a formal sanction was imposed, indicating support for hypotheses 2 and 5. Managers who have exercised discretion in past decision-making also have a negative significant effect. Recall that hypothesis 3 did not predict the direction of the impact of discretion on sanctioning behavior. Trust is not statistically significant in this model;

10 Using clustered standard errors relaxes the assumption that each observation is independent (Primo, Jacobsmeier, & Milyo, 2007). Conceptually, this model presumes that respondents from the same state are related and it is controlled for with 40 state clusters. For example, municipalities from the same state face similar structural constraints imposed by state constitutions and legislative action. The need for this control was further supported during the interview process as respondents from some states described considerable state restrictions on procurement by local governments.
therefore hypothesis 4 is unsubstantiated. Contrary to expectations, sanctions are more likely when managers work in organizations politically supportive of contracting, thus hypothesis 1 is not confirmed.

**Model 2 - Severity of Sanction for Unsatisfactory Contract Performance:** Model 2 assesses the severity of the formal sanction that was issued by the public manager. Ordered logistic regression and OLS are also reported in table 3. Of the hypothesized effects, only contractor dependence has a significant and negative impact on the severity of the sanction, supporting hypothesis 5. Political support for contracting has a positive significant effect, consistent with Model 1. The remaining explanatory variables – burdensome sanction process, discretion, and trust – are not statistically significant. Therefore, hypotheses 1-4 are not substantiated in this model.

[Insert table 3 about here]

**Discussion**

In this section, survey and interview results are discussed as they pertain to each of the five hypotheses. Fifteen semi-structured interviews were conducted post-survey with public managers from varying service areas.\(^{11}\) In general, the interviews validated the findings from the survey and provided additional insights into results, especially that those that were contrary to hypothesized expectations.

**H1: Sanctions are less likely and less substantive when political commitment to contracting in the purchasing organization is high.** The results from the models do not support this hypothesis. Instead, the opposite is true regarding the use and severity of sanctions – as political commitment to contracting increases, so does the likelihood that sanctions will be imposed and those sanctions will be formal in nature. This remains an important finding. While it was hypothesized that ideological commitment to contracting would overshadow performance

\(^{11}\) Respondents were responsible for service contracts that ranged from: (1) building inspection; (2) city management; (4) human services; (2) information technology; (3) parks and recreation; and (3) public works.
management techniques (if those techniques – like sanctions – could harm the private firm), this does not appear to be the case. To the contrary, and as the interviews reveal, public managers who work in organizations with a strong political commitment to contracting find increased support for using accountability tools to their fullest capacity, to include enforcing penalties on contractors who fail to meet performance thresholds. This is in large part due to a sense that a political and policy commitment to contracting means dealing with performance problems to maintain public value. These managers reported a connection between their decisions to hold contractors accountable and political support for contracting. As one manager noted, “[it’s] easy to be more assertive in managing projects when we have the council’s support” (i26).

The interviews also showed that political actors defer to professional expertise in contract management. As one public works director stated, although he works in a “strong union and strong politics state, most politicians would not trump quality.” He continued to say that “ultimately I will be responsible for the outcome of the project. My only recourse to get the contract done with politics is to penalize. Usually politicians will let that fly because they realize they’re not the professional on the job” (i27).

Although this result refuted the original expectation, the interview results helped to clarify why this relationship differs from what the literature would predict – namely evidence that policymakers who support contracting defer to the professional expertise of their municipal managers on the decision to sanction contractors for poor performance. Policymakers also expect public managers to hold contractors accountable for performance shortfalls to ensure that public value is not comprised, accepting the good (e.g. anticipated efficiencies) with the bad (e.g. performance problems) that accompany the use of the contracting tool. The interview data indicate that this expectation on the part of policymakers can outweigh their overall political endorsement of contracting, setting aside ideological goals to ensure that contracts achieve public value.

\textit{H2: Sanctions are less likely and less substantive when the sanction process is more burdensome.} There is partial support for this hypothesis. While a burdensome sanction process does not
statistically affect the severity of the sanction, there is a significant effect on formalizing the use of sanctions (Model 1). This suggests that when public managers find the process for sanctioning to be burdensome, they are more likely to address the performance problem informally with contractors as opposed to taking formal or severe action. These results underscore the impact of administrative process on the willingness of public managers to fully execute the power of the contracting tool. If contractors are not held accountable for poor performance, and the process for sanctioning is an impediment to that behavior, then it becomes critical to address the sanction process.

As expected, interview results validated the finding. The implication is that managers clearly calculate the costs and benefits associated with the sanction process. Using their knowledge, they judge the merits of imposing sanctions against the potential losses in terms of time, financial resources, and goodwill with contractors and other actors in the contracting arena. As one public manager noted, if the amount of damages is small, then the issue is generally resolved out of court. The questions are: “How large [is it], and is it worth fighting for” (i26)? This can lead managers to resolve performance issues through other mechanisms, and not enforce the terms of the contract. “The money you recoup will never be enough to complete the contract…[and you are] never going to recoup what you pay your attorneys. So you’re better off trying to work out a deal with a contractor in taking corrective actions than punitive actions” (i27). Pursuing punitive actions against the contractor – even though they are in the contract – are often used only as “a last resort” (i35). This finding illustrates the balance public managers attempt to maintain between holding contractors accountable and utilizing their resources effectively (in terms of time, staff, and even expending political goodwill), and the value to policymakers and citizens of that balance.

**H3:** Managers’ willingness to use discretion has an effect on the use and severity of sanctions but the direction of the effect is not clear. The models provide mixed support for this hypothesis. When public managers are reluctant to exercise discretion, they are more likely to impose a formal sanction (Model 1), but the negative relationship between discretion and the severity of sanction
(Model 2) do not meet statistical thresholds. Public managers who strictly adhere to standard policies and procedures will be more likely to enforce the terms of contract when faced with performance failures, and thus more likely to invoke accountability strategies. This relationship holds true when controlling for whether the public manager actually has discretion (i.e. works in an organization that promotes discretionary decision-making).

The interview findings are consistent with the results of the quantitative modeling. More discretion yields fewer sanctions and less discretion leads to more sanctions. Discretion appears to work in the favor of the contractor; even in instances of poor performance, the general predisposition is to give the contractor a break. To that end, one manager spoke of operating in “a lot of gray area. In a contract, there’s…legal lines on the left and right side and we do what’s in our power, but I give the benefit of the doubt to the contractor more than I do my own employees” (i35). Similarly, he tends to offer more flexibility, exercising his autonomy, and as a result, sanctions less than he might otherwise. This result validates the notion that personal judgment influences the decision to sanction contractors for poor performance, and when public managers have less autonomy, they are more likely to pursue formal sanctions instead of informal resolution. The implication is that less discretion nudges the manager toward a “letter of the law” approach to contract management, and away from a more negotiated approach to performance conflict resolution. This is also supported by survey findings that elaborate on why the particular action was selected by the manager in response to unsatisfactory performance. The results reveal that 88% of the managers who reported they chose the action they did because it conformed to contract terms, elected to take formal action against the unsatisfactorily performing contractor. This finding further validates the assertion that when managers use more discretion and stray from adhering to contract terms, they are less likely to sanction and more likely to resolve the performance issue informally.

While the literature was unclear on the direction of the relationship between discretion

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12 This was an open-ended question asking why the manager chose the particular action they did to address the performance shortfall. There were 161 responses to this question (83% of sample in models).
and sanctions, the survey and interview results are consistent; both indicate that managers are more likely to impose sanctions when they use less discretion in decision-making. This analysis provides a preliminary understanding of the relationship between managerial discretion in contract implementation and managing for accountability, and a first step toward resolving the ambiguity of the hypothesis.

_H4: Sanctions are less likely and less substantive when the public manager’s trust in the government-contractor relationship is higher._ Trust does not appear to have a significant effect on the use of sanctions. While it was suspected that public managers would be less likely to sanction if they had high levels of trust in their contractors, this expectation is not borne out. This could be a “good news” story – suggesting that public managers exercise neutrality when doling out punitive measures and that trust does not impede their use of sanctions. But these results also raise questions about the salience of trust in the contracting relationship.

Trust tends to get the most attention in social service contracting scholarship, (Lambright, et al., 2010; Van Slyke, 2007) but only one of the four human services managers interviewed indicated that trust mattered in his contracting decisions. To him, trust is important but it is not a proxy for monitoring; he believes that “trust is a big thing, but trust has to do with whether the service delivery is carried out….We do extensive monitoring once a year….We trust but we have to have something to back up that trust” (i39).

In the scholarship on contracting, trust is generally regarded as an important variable in contracting relationships (Lambright, et al., 2010; Amirkhanyan, 2009; Van Slyke, 2009, 2007; Edelenbos & Klijn, 2007). Yet the public managers interviewed underplayed the impact of trust on their assessment of contract, consistent with the survey results. These interview data indicate that public managers may draw on trust on the margin to resolve management issues, or leverage it to help hold contractors accountable. However, there is little evidence that trust is used as a proxy for monitoring or to provide performance leeway to trusted vendors. This should be read with caution, however, because response bias may be an issue – that is, the socially acceptable response for the public manager may be to deny that trust impacts the
decision to hold contractors accountable. This finding suggests that additional research on the topic of trust in the government-contractor relationship is warranted, in part because this finding appears to conflict with the existing literature on trust in government contracting.

*H5: Sanctions are less likely and less substantive when the purchasing organization is more dependent on the poor performing contractor.* This hypothesis is confirmed: The government’s level of dependence on the contracting firm affects the public manager’s decision to formally sanction the contractor and the severity of the sanction that is imposed. When the purchasing agency does not have the resources or expertise to provide the good or service being contracted, the government is significantly disadvantaged in its ability to hold contractors accountable for poor performance. Even when public managers find performance failures, they are not likely to formally sanction. This suggests that public managers weigh their vulnerability and the effects of punitive action on a firm that they heavily rely upon for service continuity. As a result, accountability is compromised when the purchasing organization perceives they are highly dependent on the contractor executing the contract. Further, in spite of poor performance, managers are unwilling to jeopardize the contracting firm on which they are highly dependent by issuing a formal sanction, preferring to either take no action or address the issue informally.

The second component of the hypothesis – predicting the role of contractor dependence in the severity of the sanction – is also substantiated. Dependence on the contractor plays a significant role in determining the severity of a penalty for poor contractor performance. This means that when dependence on the contractor is higher, managers are less likely to impose a more severe sanction, consistent with expectations. Stated alternatively, the more dependent the purchasing organization is on the contractor, the less severe the sanction will be.

Interviews validated the survey findings. Managers are held hostage by firms providing essential services, especially when they have shed their internal capacity to take on the contract. This is perhaps best demonstrated by a public works director’s experience with garbage collection.

If I have a poor [performing] contractor, I’m going to try to work with him as
much as possible because it’s an essential service. I can’t kick him off the site and take it over. I see that a lot in the industry. That’s something that bites us….That’s why it’s important to have continuous, relentless inspection and take immediate action (i27).

One public manager compared operations in his current position to one held in a different municipality, opining that the lack of personnel and equipment in his present setting influences his ability to hold contractors accountable. He observed that if “I had the in-house resources, [I would] pull the trigger less reluctantly than I would today” (i31). He went on to say that when he worked in an organization that did have the resources available to complete the contract, he was more likely to sanction for performance problems. This illustrates that maintaining in-house capacity is one way to attenuate contractor dependence. As a parks and recreation director reported, “we haven’t given up our equipment…they’re smart and know we still have it and…we can do it ourselves. [Contractors are] aware we still have our own capacity” (i32). This supports the notion, long stressed in the contracting literature, that when governments shed capacity and resources to perform the contracted services, or when they purchase in weak supplier markets, they are at risk for vendor opportunism.

Conclusion

Public managers design contracts with incentives to achieve performance goals and provide one way of maintaining contract accountability. While the inclusion of sanction terms in contracts is commonplace, the conditions under which public managers exercise them has not been well understood. The findings from this study provide important first steps in examining the discretionary strategies public managers utilize to manage poor performing contracts and how their decision-making affects public accountability.

This study aimed to answer vital questions related to contract implementation – especially whether and how much public managers sanction for poor contract performance. The results of this research shows that merely specifying the terms of the contract to include performance sanctions is not enough to hold contractors accountable. Although public managers have powerful tools available to attain contract accountability, this analysis identifies
the factors that work against their execution – namely the level of administrative burden associated with the sanction process, the manager’s inclination to use available discretion, and the extent to which the purchasing organization is dependent on the poor performing contractor.

Both the practice and research of public management are informed by this study. For practitioners, the analysis reveals the effects of individual decision-making on contract accountability. When sanctions for poor performance are not imposed, results can include patterns of nonperformance and the potential for vendor opportunism. This study also shows that managers must balance the tradeoffs between accountability and process – calculating the transaction costs associated with taking action for poor performance and the benefit that may be derived from expending the resources to do so. For public management research, this study holds promise for students of contract implementation – an area that is in need of further scholarly development. This analysis also sheds light on sanctions, one of the critical accountability mechanisms available to public managers, and evaluates the factors that contribute to whether sanctions are invoked for performance failures. Sanctions are used to tighten accountability in contracting, but as this study indicates they are not always executed. This study underscores the complexities public managers face in holding contractors accountable as public services are outsourced.
References


Brookings.


U.S. Government Accountability Office. (2009). *Guidance on award fees has led to better practices but*


Tables and Figures

Figure 1: Escalating managerial responses to unsatisfactory contract performance

```
Take no action
Address informally
Issue written warning
Impose financial penalty
Terminate contract
Bar from future contracts
```

Figure 2: Determinants of sanctions for unsatisfactory contract performance

- Explanatory variables:
  - (-) Political commitment to contracting by purchasing organization
  - (-) Burdensome sanction process
  - (-/+ ) Willingness to exercise discretion
  - (-) Degree of trust in government-contractor relationship
  - (-) Level of dependence on contractor by purchasing organization

- Controls:
  - Attitude toward contracting
  - Contract specificity
  - Competition in market
  - Contractor capacity
  - Experience of public manager
  - Government in-house capacity
  - Organizational commitment to incentives
  - Population of municipality
  - Sector of contracting agent
  - Service area

- Dependent construct:
  - Public manager imposes
    - Formal sanction
    - Severe sanction
### Table 1: Summary of hypotheses

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Models</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1: Use of Formal Sanction</td>
</tr>
<tr>
<td>H1: Political support for contracting</td>
<td>-</td>
</tr>
<tr>
<td>H2: Burdensome sanction process</td>
<td>-</td>
</tr>
<tr>
<td>H3: Use of discretion</td>
<td>+/-</td>
</tr>
<tr>
<td>H4: Trust in government-contractor relationship</td>
<td>-</td>
</tr>
<tr>
<td>H5: Government dependence on contractor</td>
<td>-</td>
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</table>

*Note: The cells contain the hypothesized direction of the relationship.*

### Table 2: Descriptive statistics

<table>
<thead>
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<th>Mean</th>
<th>Std Dev</th>
<th>Min</th>
<th>Max</th>
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<td>Burdensome sanction process</td>
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<td>0.934</td>
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<td>5</td>
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<td>Discretion-use</td>
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<td>0.696</td>
<td>1</td>
<td>4</td>
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<td>Trust</td>
<td>2.689</td>
<td>0.891</td>
<td>1</td>
<td>5</td>
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<td>Dependence on contractor</td>
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<td>0.938</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Attitudes toward contracting</td>
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<td>0.684</td>
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<tr>
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<td>4.250</td>
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<td>Competition</td>
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<td>Contractor capacity</td>
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<td>Government capacity</td>
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<td>5</td>
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<td>Control Variables</td>
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<tr>
<td>Building inspection</td>
<td>0.077</td>
<td>0.268</td>
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<td>1</td>
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<td>City administration</td>
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<td>Human services</td>
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<td>Information technology</td>
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<tr>
<td>Public works</td>
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<td>0.423</td>
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Table 3: Formality and Severity of Contract Sanctions

<table>
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<th>Independent Variables</th>
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<th>2: Severity of Sanction</th>
</tr>
</thead>
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<tr>
<td></td>
<td>Logit</td>
<td>Ordered Logit</td>
</tr>
<tr>
<td></td>
<td>Coeff</td>
<td>Rob std err</td>
</tr>
<tr>
<td>Political support for contracting</td>
<td>0.420*</td>
<td>0.219</td>
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<tr>
<td>Burdensome sanction process</td>
<td>-0.418*</td>
<td>0.215</td>
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<tr>
<td>Discretion-use</td>
<td>-0.271*</td>
<td>0.159</td>
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<tr>
<td>Trust</td>
<td>-0.091</td>
<td>0.182</td>
</tr>
<tr>
<td>Dependence on contractor</td>
<td>-0.340**</td>
<td>0.150</td>
</tr>
</tbody>
</table>

Control Variables

| Attitudes toward contracting           | -0.395 | 0.290       | 0.674      | -0.233 | 0.249       | 0.792      | -0.173  | 0.150       |
| Commitment to incentives               | 1.022*** | 0.322      | 2.777      | 0.851*** | 0.273     | 2.341      | 0.568*** | 0.181       |
| Competition                            | -0.199 | 0.213       | 0.819      | -0.197 | 0.178       | 0.822      | -0.087  | 0.110       |
| Contract specificity                    | -0.012 | 0.190       | 0.988      | -0.104 | 0.170       | 0.901      | -0.069  | 0.106       |
| Contractor capacity                     | -0.125 | 0.250       | 0.883      | -0.252 | 0.280       | 0.777      | -0.146  | 0.156       |
| Discretion-organization                 | -0.111 | 0.185       | 0.895      | 0.067  | 0.142       | 1.069      | 0.034   | 0.083       |
| Experience                             | 0.040** | 0.020       | 1.041      | 0.007  | 0.016       | 1.002      | 0.009   | 0.009       |
| Government capacity                     | 0.225  | 0.209       | 1.252      | 0.182  | 0.193       | 1.199      | 0.133   | 0.120       |
| Population (log)                       | 0.148  | 0.391       | 1.159      | 0.189  | 0.165       | 1.208      | 0.144   | 0.091       |
| Sector                                 | 1.187  | 0.846       | 3.275      | 0.691  | 1.086       | 4.465      | 0.825   | 0.577       |
| Service area                           |         |             |            |         |             |            |         |             |
| Building inspection                    | -1.169 | 0.757       | 0.311      | -1.204*** | 0.541     | 0.230      | -0.757** | 0.352       |
| Human services                         | -0.187 | 0.863       | 0.830      | -0.183 | 0.845       | 0.832      | -0.212  | 0.488       |
| Information technology                 | -1.104 | 0.557       | 0.331      | -0.603 | 0.577       | 0.547      | -0.433  | 0.341       |
| Parks and recreation                   | 0.221  | 0.641       | 1.247      | 0.387  | 0.683       | 1.473      | 0.230   | 0.403       |
| Public works                           | -0.513 | 0.430       | 0.598      | -0.233 | 0.403       | 0.792      | -0.164  | 0.255       |
| Intercept                              | -1.789 | 3.292       |            |         |             |            | 0.180   | 2.267       |

N = 194
*p<.10  **p<.05  ***p<.01