

**ACCOUNTABILITY AND PUBLIC TRUST IN LOCAL
GOVERNMENT SERVICES**

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**FACULTY OF ECONOMICS AND ADMINISTRATION
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GOVERNMENT SERVICES**

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ABSTRACT

The premise of this research is that people would trust government in a normal situation unless they encountered an unexpected experience with government officials especially in service delivery. Alas, public servants are accountable of their actions and as the provider of public service; they must carry out the services in an effective and ethical manner. According to Principal-Agent Theory, the interaction between the principal and an agent happens when the principal delegates the task to an agent. Thus, in public service, the government as the principal entrusts the public servants to carry out the duties in serving the public. Additionally, social capital theory confirms that the interaction and cooperation between individuals depend on the level of social capital in a society. The ease of relationship is based on networks, norms and trust. Social Capital Theory explains the existence of ethics in the conduct of the behavior of public servants. In this sense, ethical accountability plays an important part in securing public trust. Thus, three objectives have been identified: (1) to determine the level of accountability and ethical accountability in the role of local government in the provision of local government services, (2) to investigate the relationship between public trust, accountability and ethical accountability in the provision of local government services, and, (3) to examine the scope and ability of local government in the provision of local government services. Applying Principal-Agent Theory and complemented by Social Capital Theory, this research attempts to investigate accountability and ethical accountability in the provision of local government services in Kuala Lumpur and Selangor local authorities. Although much has been done to investigate various outcomes of local government service delivery, not much has been done to relate accountability, ethical accountability and public trust in local government. Further, none

has been done about the influence of loyalty as mediator to public trust. Furthermore, this research incorporates social capital as public goods that can be acquired and nurtured to gain public trust. A cross-sectional survey was chosen to collect data from 608 respondents from the only local authority in Kuala Lumpur and those in Selangor. A partial least squares technique was applied to examine the direct and indirect effects between key variables. Six mediator variables were tested by using Preacher and Hayes technique using PLS. Result shows that most of mediator variables were supported with loyalty as newly introduced mediator also has a significant relationship to public trust. However, the findings showed that benevolence as a mediator variable is not supported. Findings confirmed that the existence of ethical accountability can make public to trust government better. This research makes several theoretical contributions and provides further insight on accountability, ethical accountability and public trust in the provision of local government services. Methodological and practical implications are discussed and several potential avenues for future research have been identified and proposed. In short, this research helped to identify important variables of ethical accountability as mediator to public trust.

Keywords: Accountability; Public Trust; Ethical Accountability; Local Government; Service Delivery

AKAUNTABILITI DAN KEPERCAYAAN AWAM DALAM PENYAMPAIAN PERKHIDMATAN OLEH PIHAK BERKUASA TEMPATAN

ABSTRAK

Premis kajian ini adalah bahawa rakyat akan mempercayai kerajaan dalam urusan pentadbiran negara dalam situasi biasa. Namun begitu, kepercayaan ini boleh terancam atau berkurang sekiranya rakyat melalui pengalaman yang kurang menyenangkan terutamanya dari segi penyampaian perkhidmatan. Kakitangan kerajaan adalah bertanggungjawab terhadap keputusan dan tindak tanduk mereka dalam urusan penyampaian perkhidmatan iaitu memberikan servis kepada orang awam. Mereka harus menjalankan tanggungjawab mereka secara cekap, berkesan dan beretika. Teori *Principal Agent* menyatakan bahawa hubungan atau interaksi akan berlaku antara prinsipal dan agen apabila prinsipal mengamanahkan dan menurunkan kuasa kepada agen untuk menjalankan sesuatu tugas. Dalam perkhidmatan awam, kerajaan sebagai prinsipal mengarahkan kakitangan awam sebagai agen untuk menjalankan tugas mereka kepada orang awam. Manakala itu, teori "*Social Capital*" menekankan interaksi dan kerjasama antara individu adalah bergantung kepada sejauhmana modal sosial digunakan dalam sesebuah masyarakat. Dalam hal ini, modal sosial diterjemahkan sebagai kebergantungan kepada norma-norma, jaringan komunikasi dan kepercayaan dalam sesebuah masyarakat itu. Teori ini juga menekankan bahawa kakitangan awam perlu ada nilai dan etika yang baik, iaitu akauntabiliti yang berlandaskan etika atau norma (*ethical accountability*) untuk memperolehi kepercayaan masyarakat. Oleh itu, tiga objektif kajian telah dikenalpasti: (1) untuk menentukan tahap akauntabiliti dan etika akauntabiliti pihak berkuasa tempatan dalam penyampaian perkhidmatan, (2) untuk menyiasat hubungan antara kepercayaan awam, akauntabiliti dan etika akauntabiliti dalam penyampaian perkhidmatan oleh pihak berkuasa tempatan, dan, (3) untuk mengkaji skop dan keupayaan pihak berkuasa tempatan dalam penyampaian

perkhidmatan. Teori *prinsipal*-agen dan *social capital* adalah teori utama dalam kajian ini, yang bertujuan untuk mengkaji akauntabiliti dan etika akauntabiliti di satu-satunya pihak berkuasa tempatan di Kuala Lumpur dan beberapa lagi di Selangor. Walaupun ada kajian terdahulu yang dijalankan mengenai penyampaian perkhidmatan pihak berkuasa tempatan, namun terlalu kurang kajian yang menghubungkan akauntabiliti, etika akauntabiliti dan kepercayaan awam. Malah, tiada kajian yang menekankan terhadap ketaatan (*loyalty*) sebagai *mediator* kepada kepercayaan awam. Kajian ini juga mengenengahkan *social capital* sebagai kegunaan awam yang boleh dicari dan diamalkan untuk mendapat kepercayaan masyarakat. Kajian rentas dijalankan untuk mengutip data dari 608 kakitangan dari pihak berkuasa tempatan di Kuala Lumpur dan Selangor. Teknik *Partial Least Square* (PLS) digunakan untuk mengkaji kesan hipotesis langsung dan tidak langsung antara pembolehubah utama. Kajian ini juga mengkaji enam pembolehubah *mediator* dengan menggunakan teknik *Preacher and Hayes* dalam PLS. Kajian ini mendapati bahawa kebanyakan pembolehubah *mediator* adalah signifikan. Ketaatan telah dikenalpasti sebagai mediator baru yang signifikan untuk mendapatkan kepercayaan masyarakat. Namun begitu, *benevolence* didapati tidak signifikan sebagai *mediator*. Penemuan kajian ini mengesahkan kepentingan etika akauntabiliti untuk mendapatkan kepercayaan masyarakat. Kajian ini memberikan beberapa sumbangan dari segi teori dan pendedahan yang lebih mendalam terhadap hubungan akauntabiliti, etika akauntabiliti dan kepercayaan masyarakat terutamanya dalam penyampaian perkhidmatan pihak berkuasa tempatan. Implikasi metodologi dan praktikal juga dibincangkan dan kajian ini menyarankan beberapa cadangan untuk kajian di masa hadapan.

Kata Kunci: Akauntabiliti; Kepercayaan Awam; Etika Akauntabiliti; Kerajaan Tempatan; Penyampaian Perkhidmatan.

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LIST OF SYMBOLS AND ABBREVIATIONS

AMOS	:	Analysis of Moment Structures
AVE	:	Average Variance extracted
BOSS	:	Brief, Objective, Simple and Specified
BVMF	:	Best Value Management Framework
CCT	:	Compulsory Competitive Tendering
CPI	:	Consumer Price Index
CR	:	Composite Reliability
CUEPACS	:	Malaysian Congress for Public Workers
DBKL	:	Kuala Lumpur City Hall
GNP	:	Grand National Party
IIM	:	Institute of Integrity Malaysia
JAIS	:	Selangor Islamic Religious Department
JPSPN	:	National Solid Waste Management Department
KPI	:	Key Performance Indicator
MBJB	:	Johor Bahru City Council
MBPJ	:	Petaling Jaya City Council
MBSA	:	Shah Alam City Council
MDHS	:	Hulu Selangor District Council
MDKL	:	Kuala Langat District Council
MDSB	:	Sabak Bernam District Council
ML	:	Maximum Likelihood
MPAJ	:	Ampang Jaya Municipal Council
MPK	:	Klang Municipal Council
MPKJ	:	Kajang Municipal Council

- MPS : Selayang Municipal Council
- MPSepang : Sepang Municipal Council
- MPSJ : Subang Jaya Municipal Council
- MHLG : Ministry of Urban Wellbeing, Housing and Local Government
- NCLG : National Council for Local Government
- OECD : The Organisation for Economic Cooperation and Development

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CHAPTER 1: INTRODUCTION

1.1 Background

Contemporary international society recognises the equal status of sovereignty for each nation. This is unlike the earlier powers such as medieval Europe, imperial China, and early Islamic states, where military might was used to capture the weaker states (Baylis et al., 2008). The interaction among states marked the acknowledgement of the sovereignty of nations in the contemporary world, and the recognition of the sovereignty of each nation also means the acknowledgement of the existence of various types of government practiced by the states. Hence, countries in the world today need a strong and capable government to be resilient in adapting to changes in world order politically, economically, and socially (Bertucci & Alberti, 2003; Baylis et al., 2008).

To render efficient public service, the ruling government needs to be strong and stable. As a new era begins, several types of government have fallen while others have survived under prominent and resilient leadership. Yet to consider any form of government as the best government is not a correct solution. The search for an ideal type of government is traced back to the classical model of government introduced by Aristotle, who tried to find an 'ideal' constitution (Jackson & Jackson, 1997; Jowett, 1999; Baradat, 2012). Aristotle's idea on democracy, however, varies in the modern day's governments (Baradat, 2012).

Various forms of government are acknowledged and have been practiced by countries from time to time. Monarchy, democracy, communism, authoritarianism and totalitarianism are the most practiced forms of government in the world (Baradat, 2012). Countries have historically changed their forms of government following dissatisfaction with their ruling powers and with colonialism, but the most significant episode involving questions of system of government was the clash of two superpowers that

held different ideologies during the Cold War era. The fall of the Soviet Union marked the end of Communism and the prevailing of the United States of America with democracy (Schlesinger Jr., 1967; Gaddis, 1994).

Democracy has become a popular form of government in the sense that it acknowledges the right of people to choose their leaders through election (Norris, 1999; Baviskar & Malone, 2004; Baradat, 2012). Research by Freund and Jaud (2012) concluded that most countries were autocratic in 1960, but only forty-one retained the same system of governance by the year 2010. Most of the rest have changed to democracy, although not all have succeeded in the transformation. Africa represented a failed transition to democracy, whereas Latin America and Southern and Eastern Europe represent successful evolutions. Mainland East Asia evolved into democracy while the Middle East and North African regions are mostly autocratic or failed democracies. Several recent incidences have taken place involving democracy, particularly the rise of people's power that opposed ruling governments, such as the cases in Thailand, Egypt and Syria (Saxer, 2011; International Crisis Groups, 2013). A question may arise as to why democracy is favourable vis-a-vis other types of government although it is not perfect, and whether democracy answers everything concerning the world today. The question also centres on whether there are any other forms of government that can bring stability and develop the economy better than democracy in ruling a country.

Government by the people, for the people is the common saying that envisions democracy. Although democracy is not the best form of government, the notion of people's power carries much weight in establishing a government (Jackson & Jackson, 1997; Baradat, 2012). A government overall bears a notable and noble responsibility to ensure that its people get what they deserve. In many instances, crises have happened and people have revolted and demanded change when ruling parties have failed in

carrying out their promises and responsibilities. Bureaucracy, as the arms of government in fulfilling its promises, has faced intensive and daunting challenges to please the people. This is because people demand change that requires reduced bureaucracy to enable quick actions and results (Rosenbloom et al., 2009). Moreover, dissatisfactions towards the ruling party are the result of public distrust towards the government. They no longer feel that the government is accountable to people, but find rather that it answers to the government's own needs and aspirations (Norris, 1999). In this sense, the issue of accountable government has become the main agenda for the public, and people want to make sure the government realizes and corrects this mistake in order to gain public trust.

A government is created to bring order to society. The existence of a government is an indication that some body of institutions should exist and direct the state and its society. The proper functioning of a government means the stability and harmony of its society. In this sense, the presence of a government should cater to every aspect of a society's life in urban and rural areas. The failure to give efficient services to the public will result in the loss of trust from the public and, in turn, the loss of power for the ruling government. The 2017 Edelman Trust Barometer Malaysia findings revealed that 52% of Malaysians have lost faith in the institutions and system. Malaysia also slipping into distrust for the first time, as the trust index for Malaysia dropped to 48 points in 2017 from 51 points in 2016. The three-point decrease in the trust index is a reflection of the global trend as well. According to the survey, trust declines in 21 out of 28 countries, the broadest decrease since beginning general population tracking in 2012 (Toh, 2017). Governments of today have always been clouded with many issues, especially in the management of public service. The public questions the responsibility of government

and needs the government to be more accountable in its daily duties. Accountability of public service becomes imminent due to the rise of challenges to the nature of service in public organisations. A study done by Jamaliah et al. (2015) assessing public accountability in 24 federal ministries of Malaysia found that 87.3% of the respondents indicated that their department and agencies generally implemented accountability practices. Despite of the encouraging results on accountability, criticisms and complaints on public service continue to exist. As a multi-racial country, Malaysia faces many obstacles and challenges. Its public sector has long been criticized for its inefficiency, red tape, lack of flexibility, ineffective accountability and poor performance. A survey done by Merdeka Centre in 2014 founds that perception about corruption in Malaysia unchanged since 2005 where 49 percent public feels that corruption has increased¹. Thus, several questions in regards to public trust and accountability are highlighted in many studies such as those by Bouckaert and de Walle (2001), Behnke (2007), Back and Kestila (2009), Cheung (2013) and Rosenbaum (2013), which raised such questions as: Can public trust be achieved just by improving public service performance? How to maintain this trust? How can government motivate public employees to be more accountable? And; Why should accountability of public service be the focus, as opposed to other pertinent issues such as economic downturns and political upheavals?

(a) Urban management and infrastructure provision

The resiliency of contemporary government is shown through the management of its cities. Because the discussion on urban management must focus on every aspect of its towns and cities, the concept of urban management is integrated in the matter of actors and resources in managing cities (McGill, 1998). Yet, most third-world cities are still

¹ www.merdeka.org/pages/02_research.html

plagued with the ‘master plan syndrome’ of town planning modelled from the west. The traditional master plan, however, is no longer in line with the progressive growth of cities and their populations following the massive developments around the world (McGill, 1998; UNFPA, 2013). Delhi, Madras, Karachi, Dhaka and Jakarta are examples of serious failure in town planning (McGill, 1998).

In designing a proper township, the concern should centre on the provision of better buildings, connecting roads, transport, public places and environment that can upgrade the quality of urban life. In this sense, the people in Jakarta, Naples, Los Angeles and Bogota agree that quality of life is important. A survey by UN-Habitat in 2011 found that the most important factors to promote quality of life are security to live and work freely, good quality education, adequate housing with basic services, employment and decent income, whereas people in Europe feel that the three most important things to promote quality of life are educational facilities, job creation and health (UN-Habitat, 2013). The dilemma faced by governments in providing good quality of life may be hampered by the rise of urban population as resulting from migration.

The United Nations Population Fund (UNFPA, 2013) acknowledged that most of the growth will be concentrated in Africa and Asia. In this sense, the world population is expected to increase by 2.3 billion between the year 2011 and 2050. City growth is augmented by the migration of people from rural to urban areas. The population living in urban areas rose from less than 30 percent in 1950 to over 40 percent in 1980, and then to over half in the year 2000 (Bilsborrow et al., 1984). A United Nations report in 2011 stated that more than half of the world’s population lived in urban areas and half of Asia’s population would occupy the urban areas by the year 2020.

Figure 1.1 shows the projection of the world's population from 1950 to 2050. As expected, Asia has contributed to population growth at the highest rate and is expected to reach 53% of the world's population by the year 2050. This is followed slowly by Africa whose population increased from 11% of the world's total in 2011 to 20% in 2050. Although urbanisation began in the more developed nations including Europe, whose share of total world population in 1950 was 38%, that figure decreased to 15% in 2011, and the projection shows that it will further decline to 9% by 2050. Other regions such as Latin America and the Caribbean, Northern America, and Oceania were projected to have very slow or stagnant changes in their population increments between now and 2050.

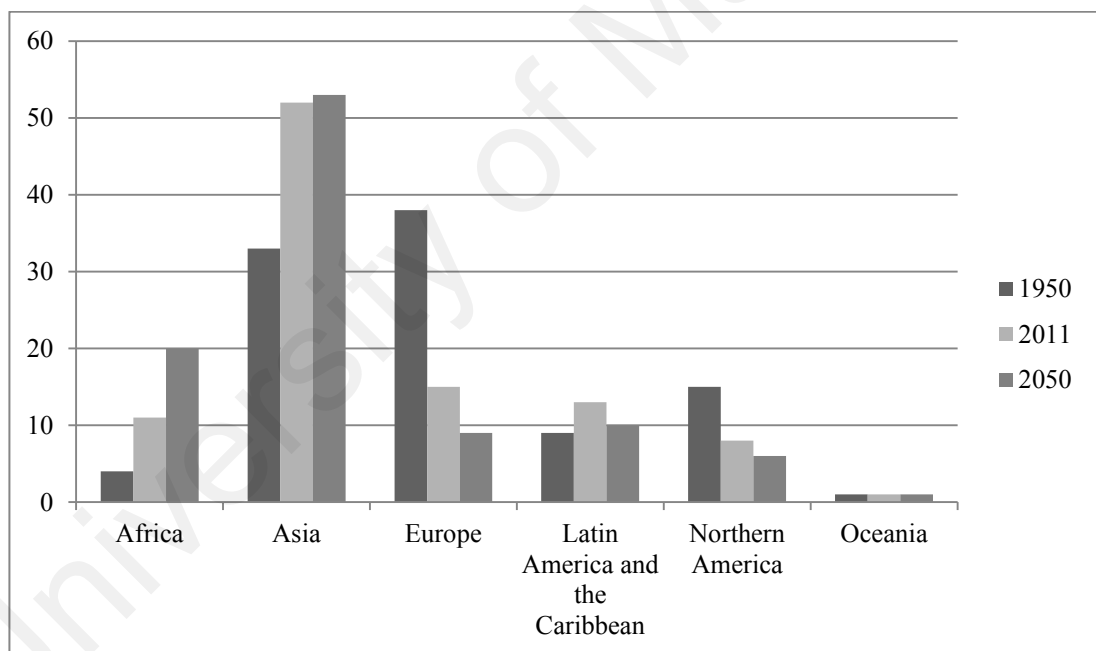


Figure 1.1: World Population 1950–2050 (%)

Source: United Nations, 2012.

Note: Information for 2050 is estimated.

Overpopulation in the cities has caused many problems considering the enormous need for water, food and infrastructure, and tremendous amounts of pollution of air, soil and water. Most of the new growth will occur in smaller towns and cities, where fewer resources exist to respond to such changes (UNFPA, 2013). In literal

meaning, migration is ‘population mobility’ (Bilsborrow et al., 1984), which will accelerate the urbanisation process.

People migrate to certain areas where the promise of economic well-being can be increased and the improvement of status of living can be expected (Cebula, 1979). However, movement of people to urban areas has led to high population density, increased criminal activities, a boost to economic development and added workload for authorities, particularly in providing facilities for the people (Cebula, 1979; Bilsborrow et al., 1984).

Overpopulation also leads to inadequate access to housing. Many countries, especially in third-world regions, have witnessed people living in slum areas. Table 1.1 shows increases in slum population from 1990 to 2005, yet the percentage of urban residents who live in slums is stagnant and was even reduced in developing countries. This was due to aggressive measures by some countries to reduce the slum population.

Table 1.1: Slum Population

	Slum Population 1990 (millions)	Percentage of Urban Residents in Slums (1990)	Slum Population 2005 (millions)	Percentage of Urban Residents in Slums (2005)
World	715	31	998	31
Other Developing Countries	654	47	933	41
Sub-Saharan Africa	101	72	199	72

Source: UN-Habitat (2006).

In urban areas, concern over the sustainability and continuity of water quality has become prominent. African utilities often deliver poor continuity of water service and inadequate water quality, with only 80% of their samples having passed specific chemical tests (The World Bank, 2013). In fact in Africa, piped water and sanitation are based on income status; the facilities are only available for upper-income residents (The

World Bank, 2013). Urban Asia, on the other hand, has improved water distribution through piped connections, the access to piped water in South Asia, especially in India, was extremely lacking due to poverty (UN-Habitat, 2013). Table 1.2 shows access to water supply and sanitation for the world population. The provision of drinking water and sanitation facilities improved in 2010 compared to the year 2000.

Improving the quality of life in urban cities also involves the deployment of infrastructure. In this sense, the scope in managing infrastructure provision involves a wide range of actors (McGill, 1998). The government, which acts as the key player in urban management, needs to ensure that the supply of infrastructures is adequate and can satisfy the public. It can be said that the challenges in urban management centre on how to provide essential services of clean water, food, jobs, shelter, roads, transport, sanitation and others for the ever-growing urban population (United Nations, 2011). The water and food crisis has become especially severe in third-world countries, including those in Africa, and war-torn countries including Syria. The role of government in these countries thus needs to be more resilient in order to provide quality of life to urban residents.

Table 1.2: Urban Population with Access to Water Supply and Sanitation (in thousands)

Year	Population		Drinking Water				Sanitation Facilities			
	Urban	National	Urban Improved		National Improved		Urban Improved		National Improved	
	_000	_000	_000	%	_000	%	_000	%	_000	%
2000	217,803	668,379	179,482	82	367,661	55	92,917	43	185,808	28
2010	318,383	855,477	263,195	83	524,264	61	135,402	43	261,505	31

Source: The World Bank (2013).

(b) Rural development

Most countries define ‘rural’ areas based on their own concepts and the specific nature of their economic, social and natural conditions. Given this point, the term’s definition

differs from one country to another (ODI, 2002; JICA, 2012). In general terms, 'rural' has always been associated with fishing, farming and forest-based economies in which life is simpler and less demanding. Additionally, rural development has always been linked to poverty reduction (ODI, 2002; JICA, 2012). In this sense, half of the world's population live in rural areas (European Communities, 2008) and three-quarters of the rural population live in poverty (JICA, 2012). In Peru, only one quarter of the population live in rural areas, but 58% percent of the rural population consists of poor people (Meier et al., 2010).

To deal with the local needs of urban and rural areas, most developing countries have moved to decentralisation (Kelles-Viitanen, 2005; JICA, 2012). This evolution of rural policy has demonstrated significant and continuous effort by authorities in developing countries to upgrade the economic and social status of the rural populations (Freshwater, 2000; ODI, 2002; European Communities, 2008; JICA, 2012). Prior to the 1980s, most developing countries focused on some specific industries such as large-scale farm development and agricultural modernisation (Freshwater, 2000; JICA, 2012). This bureaucratic-oriented approach was meant to give direct and indirect benefits, such as employment opportunities, for the rural population (Freshwater, 2000). However, this approach was less effective for future trends; hence, at the end of the 1980s, most of the developing countries shifted the approach to people-centred rural development (JICA, 2012). The latter approach focused on effective use of local resources and denoted the establishment of a system that facilitates rural community participation (ODI, 2002; JICA, 2012).

The rural development policies of developing countries have been focusing more on upgrading the rural population's economic and social status, whereas the EU's policies from 2007 to 2013 focused more on preserving aesthetical value such as the

preservation of environment and culture (European Communities, 2008). Conversely, developing countries have cooperated with international and local agencies to provide basic needs in terms of health, agricultural infrastructure, energy consumption, education and other issues to rural residents. The efforts were implemented successfully in developing countries and capital injection in various forms of assistance. For example, Japan's Grant Assistance for Grass-roots Project under Japan International Cooperation Agency (JICA) was able to provide direct funds for microcredit up to 10 million yen per project (JICA, 2012).

Several effective measures were implemented by the government to increase the economy and living status of the rural population. In China, rural road improvement was integrated with major highway projects to link the rural villages with the townships (Hajj & Pendakur, 2000). The project was called Roads Improvement for Poverty Alleviation (RIPA) and it was a major success story in which the government cooperated with the World Bank. In the project, the cost of building China's transportation was shared among citizens, users and the local and state governments. It was a common practice in China for the rural peasants to contribute time and money for development in order to encourage local responsibility.

The above example implies that the present governments need to become more efficient and effective in serving the public. The public sector particularly needs to provide quality service delivery to serve the community and satisfy the public at large (Milne & Mauzy, 1978; Rosenbloom et al., 2009).

1.2 Problem Statement

This segment provides persisting problems arose within the sphere of Malaysian government at the federal, state and local government that affect public trust. Accountability of public sectors always been questioned and the misconducts have been

highlighted by the public through online media such as metro online, the star online, to name a few, and personal websites facebook, instagram and as such. The issue addressed are on-going and government at all level tries to find ways in solve it be it through ethics measures or through control mechanism (Jamaliah et al., 2015), yet, problems persist. The problems highlighted below showed that the continuing occurrences of these issue hampers public trust.

1.2.1 Public trust towards the federal government

Federal government, as the central government, has the responsibility to provide the best services to its people. The central government needs to ensure its performance satisfies the public at large. Thus, accountability of government is important to ensure that the ruling government stays in power by gaining public trust. In this sense, accountability of government in allocating resources fairly and ensuring that every citizen has full access to those resources are of the utmost importance. Consequently, a shortfall in accountability will cause the ruling party to lose public trust and eventually the national election. Two pertinent issues can be raised in this segment; (1) Do federal government really work hard enough to promote accountability among public servant? (2) Public trust at national level can be measured especially during the result of national election, and it has become a benchmark for public trust. However, can we really trust this seasonal occurrence?

The practice of Malaysia's federal system has seen some states exercising their own power separately from the federal government. As a result, the federal government has faced many conflicting issues arise especially in managing affairs in relation to state governments. To maintain their power, the ruling party for the federal government needs to gain public trust and thus to win the national election that comes every five years. However, several challenges faced by the federal government can tarnish the

public's confidence and trust towards them. Among the challenges are in terms of maintaining national unity, accountability of the public sector, and accessibility of public goods.

1.2.1.1 Maintaining national unity

The question of unity comes across nations around the world in numerous notions and conceptions. Pakistan faced challenges in uniting its nation under religious symbolism to counter economic discontent, political dissent and ethnic nationalism (Durrani & Dunne, 2010). Indonesia faced threats of unity by military power in Aceh, Papua, and East Timor (Hainsworth, 2007; Roosa, 2007). Thailand also responded to challenges to unity by resorting to physical violence in 2006 (Chachavalpongpun, 2010).

National unity is difficult to maintain; the emotional force of patriotism is lacking. There is unity in negative attitudes towards former colonial powers or towards historical enemies, but there is little unity of a positive, constructive kind. Not only is political unity difficult to achieve, but cultural fragmentation is usually at the roots of disunity (cited by Muhammad Agus in Braibanti, 2006, p. 16).

After World War II, formerly colonised countries, especially countries which have multi-ethnic identities, started their nation building, and most of them adopted the styles of their erstwhile colonial overlords (Lian, 2012). In this sense, most of the third-world countries which were under British rule have adopted federalism. This imitation style of governance may lead to several desired or undesired effect to the newly emerged independent nations (Means, 1991; Abdul Aziz, 2003; Muhammad Agus, 2006).

Imitation styles of governance also lead to the emergence of a diverse ethnicity where a multi-ethnic society may be considered unique and as giving a special character to a country (Devalle, 1980; Lian, 2012). It is accentuated when cultural pluralism co-exists and is tolerated. The uniqueness of a multi-ethnic society is translated in the effort

to tolerate diverse cultures without losing identity or individuality (Devalle, 1980). Yet in some parts of the world, multi-ethnic societies, especially in federal-state relations, cannot be fully realised and the countries have been facing challenges to unite the fragmented societies with their cultural differences (Means, 1991; Abdul Aziz, 2003, Lian, 2012).

Burma, India and Malaysia are among the countries that emerged with a federalist structure, and these countries have faced problems in terms of multi-ethnicity and cultural pluralism (Devalle, 1980; Muhammad Agus, 2006, Lian, 2012). Modern Malaysia in particular is increasingly forced to confront the tensions arising from this diversity. Economic differences among ethnicities and states in Malaysia have worsened the situation and hampered the effort to maintain national unity. Consequently, the legacy of divide-and-rule policy has resulted in economic and political fragmentation among major ethnic groups in Malaysia (Means, 1991).

The Centre for Public Policy Studies (CPPS) concluded that education, economy and religion are among the key approaches to tackling unity in Malaysia (CPPS, 2008). However, the achievements in these three sectors have been highly debatable and run the danger of reducing public trust and fostering disunity.

Additionally, racial inequalities that emerged during colonial times have given rise to civil rights issues, affected national unity and disintegrated the society (Muhammad Agus, 2006). The emergence of the civil rights movement in Malaysia in the 1980s was due to dissatisfaction with the government in power. Difficulties in maintaining unity in Malaysia's multi-ethnic status has become so apparent today. Defragmentation of people in regard to races and with disunity, attachment to specific races based on their ethnicity is quite apparent in Malaysia's scenario. Malaysia's

history of policies specifically focusing on specific races effected unity. Thus, affected public trust (Means, 1991; Abdul Aziz, 2003; Muhammad Agus, 2006).

1.2.1.2 Access to Public Goods

Government today is charged with the tasks and responsibilities that concern and influence the daily life of its citizen. One of the main duties of government is to disseminate public goods to the citizen. However, problems arise in fulfilling these responsibilities. Problems arise in terms of affordable housing for low income earners and rising prices for common goods.

(a) Affordable housing

‘Shelter for all’ is always the quote used by governments and politicians on their intention to provide housing facilities to the people. Every single human being hopes to have a place called ‘home’. Shelter is one of the basic needs, and the deprivation of this need will lead to pressures on those concerned (Maslow, 1970). In addition, the 1999 Final Report of the United Nations Special Rapporteur on Housing Right stressed that the duty of government should not be interpreted as requiring government to build adequate housing for the entire population free of charge (Leckie, 1999). The standards and requirements for adequate housing rest upon the decisions by the governments concerned and may differ from one country to another.

The Demographia International Housing Affordability Survey of 2012 rated the housing affordability of 81 major metropolitan markets in seven developed countries (Cox & Pavletich, 2012). Table 1.3 shows the listing categories of the rating on housing affordability using the ‘median multiple’. According to Cox and Pavletich (2012, 7), the ‘median multiple’ serves to rank housing affordability by measuring ‘median house price divided by gross (before tax) annual median household income’.

Table 1.3 shows that the United States of America's housing markets range from affordable to severely unaffordable. On the other hand, Hong Kong and Australian housing markets mostly comprise severely unaffordable housing. The table proves that most of the housing markets in the world range from moderately to severely unaffordable. From the 81 housing markets surveyed, only 24 housing markets are affordable, all located in the United States of America, and 57 are unaffordable housing markets. Several problems have been identified as having led to the unaffordability of housing. The problems include scarcity of land for housing, high price of land (Cox & Pavletich, 2012), strict policy regulation (Gulati, 1985; Cox & Pavletich, 2012), high price of housing (McGuire, 1981; Gulati, 1985; Torlucio & Dorakh, 2011; Cox & Pavletich, 2012), slow or gradual income growth (Torlucio & Dorakh, 2011), migration and squatters (Gulati, 1985; Harriot & Mathews, 1988). These problems have led to government intervention in the provision of housing and the regulation of housing markets.

Table 1.3: Rating Categories of Housing Affordability

Rating	Median Multiple	Countries
Affordable	3.0 and under	United States of America
Moderately Unaffordable	3.1 to 4.0	Canada, New Zealand, United States of America
Seriously Unaffordable	4.1 to 5.0	United Kingdom, United States of America
Severely Unaffordable	5.1 and over	Australia, Canada, Hong Kong, New Zealand, United Kingdom, United States of America

Source: Reorganised from Cox & Pavletich, 8th Annual Demographia International Housing Affordability Survey, 2012.

McGuire (1981) listed five reasons for governmental intervention in the housing industry: to solve the housing shortage, assist the poor, improve general housing conditions, seek solutions to the affordability burden and stabilise the function of private housing markets. The market forces, which are mainly profit-based, have failed to address this aspect of the housing situation (Burns & Grebler, 1977). Without proper

care and attention by the government, housing problems will lead to severe loss of trust by the public and, hence, loss of power by the ruling government in democratic countries.

Malaysia's experiences in providing affordable housing have been detailed in every Malaysia Plan, and this practice still continues today. In fact, the objectives of housing were further intensified to include all levels of income for house ownership. The most recent Malaysia Plan, the Tenth Malaysia Plan (10MP), outlines housing development as one of the core objectives on the agenda.

In ensuring that housing prices fall within the reach of overall public, the Malaysian government has introduced a housing pricing policy to stimulate consumption by low-income families. The ceiling price per unit is set by the government to make the houses available for the poor. However, the Malaysian government does not control the price of certain categories of houses (Muhammad, 1997).

Table 1.4 illustrates the distribution of household income by urban and rural areas in Peninsular Malaysia, measuring the percentages that fell within the four categories of RM499 and below, 500–999, 1,000–1,499 and 5,000 and above. Throughout the 1970s, the percentage figures in the middle and upper divisions steadily increased in both the rural and urban areas while the income of the rural and urban households who earn below RM500 declined in that same span of time. In the 1980s, the household income increased to more than RM500 in the urban areas while the progress was slow in the rural area. By the late 1980s, the household income level for rural and urban areas had increased for the two categories of income (1,000–1,499 and 5,000 and above respectively). In the 1990s, rural household income marked a marked increase for the percentage in the 5,000 and above category. However, in the 1990s the

increment of household income level was a bit imbalanced for the urban areas. From the year 2000 until 2009, household income kept increasing to RM5,000 and above for the urban areas but, for the rural areas, the household income stagnated between RM1,000 and 1,499 by 2007.

Correspondingly, Urban Development Authority (UDA) of Malaysia conducted an investigation in 1984 and found that the majority of the public, especially low income earners, could not afford even the cheapest government public housing project due to their low earnings (Muhammad, 1997).

Table 1.4: Percentage distribution of household by income (1970–2009)

Year	Rural				Urban			
	499 and below	500 – 999	1,000 – 1,499	5,000 and above	499 and below	500 – 999	1,000 – 1,499	5,000 and above
1970	94.1	4.7	0.7	0.02	77.2	14.5	4.6	0.2
1974	88.3	8.7	2.3	0.2	67.3	20.0	8.5	0.6
1976	78.7	15.3	3.3	1.5	49.5	28.1	10.3	7.3
1979	65.7	23.2	6.4	0.3	36.5	32.0	13.9	1.7
1984	40.7	34.2	12.8	0.7	17.2	30.8	18.7	4.0
1987	37.9	35.8	13.5	0.6	24.4	25.5	19.0	3.1
1989	31.6	37.5	15.4	0.8	13.5	31.1	20.3	3.9
1992	27.4	37.5	17.7	0.7	7.5	25.0	20.2	6.5
1995	17.7	32.9	21.2	1.9	4.7	16.6	18.8	10.6
1997	11.1	27.7	21.2	3.8	2.3	10.9	15.9	17.3
1999	10.2	27.5	22.0	3.8	2.6	11.5	16.2	14.6
2002	8.4	28.3	21.5	3.6	1.4	9.0	13.9	20.2
2004	6.5	24.7	22.7	4.7	1.0	7.9	13.2	22.9
2007	3.7	13.0	25.2	7.4	0.7	3.9	11.3	27.2
2009	2.9	-	12.3	0.4	3.3	23.6	9.9	10.3

Source: Reorganised from Department of Statistics, Malaysia, 2010.

Household spending patterns have also affected the affordability to rent or buy houses. Statistical reports have shown that the country's monthly household expenditure rose to 88.6 percent in 2009/2010. The expenses increased mainly for housing, water, electricity, gas and other fuels (Department of Statistics, 2010).

The prices of houses in Malaysia have shown a steady growth for all types of housing. Table 1.5 shows the national housing price index for Malaysia. With the year

1988 put as a baseline for the index, the table shows a price increase at a faster rate until 1997. The housing price index implies that a house in 1988 could be purchased with the price of RM92,200, but the same house would cost RM196,400 ten years later. This is more than a 100 percent increment (Rosadah & Khadijah, 2002).

The Real Estate and Housing Developers' Association of Malaysia (REHDA) reported that since 1998 there has been no review on pricing for low-cost housing, whereas the costs of building materials for houses, especially low-cost houses, have increased significantly beyond the sales price.

Table 1.5: National Housing Price Index (1988–1999)

Year	Housing Price Index	Percentage
1988	92.2	-
1989	96.1	4.3
1990	100.0	4.1
1991	125.5	25.5
1992	140.7	12.2
1993	147.5	4.9
1994	159.3	8.0
1995	188.5	18.4
1996	212.8	12.9
1997	216.8	1.9
1998	196.4	-9.4
1999	191.8	-2.3

Source: Rosadah and Khadijah (2002).

Table 1.6 shows housing prices based on household income. In 2010, 30.6% of all wage earners lived with a basic wage of less than RM700 per month (Department of Statistics, 2011). The Poverty Line Income (PLI, 2009) in West Malaysia was set at RM763, and hard-core poverty was RM464 per month. With such limited income, housing affordability has always been a major problem, especially for low-income earners.

(b) Inflation in price of common goods

Consumer Price Index (CPI) is a measure of the average changes over time in the prices paid by urban consumers for a market basket of consumer goods and services'

(BLS, 2013, p. 9). Table 1.7 shows the annual percent change of consumer price index for sixteen countries for ten consecutive years.

Table 1.6: Housing price based on household income

Housing Types	Housing Price	Household Income
Before June 1998		
Low Cost	Below RM25,000	Below RM750
Low Medium Cost	RM25,000–RM60,000	RM750–RM1,500
Medium Cost	RM60,001–RM100,000	RM1,501–RM2,500
High Cost	More than RM100,001	More than RM2,501
After June 1998		
Low Cost	Below RM42,000 (depend on location)	Below RM1,500 (depend on house type)
Low Medium Cost	RM42,001–RM60,000	RM1,501–RM2,500
Medium Cost	RM60,001–RM100,000	Not stated
High Cost	More than RM100,000	Not stated

Source: Cited by Azlinor and Nor Aliah (2009).

Table 1.7: Annual Percent Change of Consumer Price Index (CPI) for 16 countries from 2002–2012

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
U.S	1.6	2.3	2.7	3.4	3.2	2.8	3.8	-0.4	2.6	3.2	2.1
Australia	3.0	2.7	2.3	2.7	3.6	2.3	4.4	1.8	2.9	3.3	1.8
Austria	1.8	1.3	2.1	2.3	1.5	2.2	3.2	0.5	1.9	3.3	2.5
Belgium	1.6	1.6	2.1	2.8	1.8	1.8	4.5	-0.1	2.2	3.5	2.8
Canada	2.2	2.8	1.8	2.2	2.0	2.2	2.3	0.3	1.8	2.9	1.5
Denmark	2.4	2.1	1.2	1.8	1.9	1.7	3.4	1.3	2.3	2.8	2.4
France	1.9	2.1	2.1	1.8	1.6	1.5	2.8	0.1	1.5	2.1	2.0
Germany	1.5	1.0	1.7	1.5	1.6	2.3	2.6	0.4	1.1	2.3	2.0
Italy	2.5	2.7	2.2	1.9	2.1	1.8	3.3	0.8	1.5	2.8	3.0
Japan	-0.9	-0.3	0.0	-0.3	0.3	0.0	1.4	-1.4	-0.7	-0.3	0.0
Netherlands	3.3	2.1	1.2	1.7	1.2	1.6	2.5	1.2	1.3	2.3	2.5
Norway	1.3	2.5	0.4	1.6	2.3	0.8	3.8	2.1	2.5	1.2	0.8
Spain	3.5	3.0	3.0	3.4	3.5	2.8	4.1	-0.3	1.8	3.2	2.4
Sweden	2.2	1.9	0.4	0.5	1.4	2.2	3.4	-0.5	1.2	3.0	0.9
Switzerland	0.6	0.6	0.7	1.3	1.0	0.7	2.4	-0.5	0.7	0.3	-0.7
United Kingdom	1.7	2.9	3.0	2.8	3.2	4.3	4.0	-0.5	4.6	5.2	3.2

Source: Bureau of Labor Statistics (BLS), United States of America, 2013.

It is worth noting that this comparison is uneven because national differences exist in population coverage, frequency of market basket weight changes and treatment of home-owner cost. As indicated, almost all countries mentioned below have experienced inflation for common goods. Some increases were slow while other countries experienced stagnant prices for three years, for example, the case in Japan.

Table 1.8 below shows Malaysia's Consumer Price Index for the years 2012 and 2013. The CPI for prices of vegetables noted significant increases. Compared to the month of September 2013, October 2013 recorded notable increases in the prices of cauliflower (+8.5%), cucumber (+2.5%), tomatoes (+2.4%), round cabbage (+2.3%) and large onions (+1.5%). Other food items that showed significant price increase were local beef (+0.3%), sugar (+2.7%), prawn (+2.5%), Indian mackerel (+1.7%) and eggs (+1.6%). On the other hand, some food items showed notable drops in price in October 2013 compared to the previous month. Those items included water spinach (-9.3%), spinach (-9.1%), Choy sum (-6.5%), long beans (-2.6%), red chillies (-2.0%), round scads fish (-2.0%), chicken (-1.4%) and cuttlefish (-1.1%).

Table 1.8: Monthly Changes of Consumer Price Index (CPI), Malaysia, 2013

Sub-groups	Index					% Change		
	Jan-Oct 2012	Oct 2012	Sep t 2013	O ct 2013	Jan-Oct 2013	Oct 2012/ Oct 2013	Jan-Oct 2013/ 2012	Oct 2013/ Sept 2013
Food & non-alcoholic beverages	107.4	108.4	112.2	112.4	111.1	3.7	3.4	0.2
Food	107.6	108.6	112.5	112.6	111.3	3.7	3.4	0.1
Food at home	107.2	108.2	112.4	112.5	111.2	4.0	3.7	0.1
Rice, bread & other cereals	102.4	102.7	104.6	104.7	104.3	1.9	1.9	0.1
Meat	106.0	110.1	114.8	114.2	112.1	3.7	5.8	-0.5
Fish & seafood	112.8	112.0	120.5	121.0	118.2	8.0	4.8	0.4
Milk & eggs	108.7	109.5	114.5	114.9	112.8	4.9	3.8	0.3
Oils & fats	101.3	101.4	100.8	100.8	101.0	-0.6	-0.3	0.0
Fruits	108.3	109.8	112.8	113.4	112.0	3.3	3.4	0.5
Vegetables	103.3	104.9	107.9	107.0	108.4	2.0	4.9	-0.8
Sugar, jam, honey, chocolate & confectionary	114.1	118.7	119.7	121.6	119.6	2.4	4.8	1.6
Food products n.e.c	110.1	110.0	111.6	111.8	111.0	1.6	0.8	0.2
Food away from home	108.3	109.3	112.6	112.9	111.5	3.3	3.0	0.3
Coffee, tea, cocoa & non-alcoholic	105.2	106.1	107.0	107.1	106.7	0.9	1.4	0.1

Source: Department of Statistics, Malaysia, 2013.

1.2.1.3 Accountability of the Public sectors

Government is the major service provider to the public. The role of government is to promote the public interest and in ‘a moral and basic sense it must serve a higher purpose’. To gain public trust, rules and regulations have been enacted as guidelines for public administrators, to ensure ‘that those exercising public power will not use it for narrow partisan or purely private gain’ (Rosenbloom et al., 2009, p. 8). Yet the increase of criticism against the government has been alarming. A few sizable public projects have encountered problems, failed or incurred financial losses.

The Malaysian Public Service has often been criticised for persistent problems with regard to the integrity and accountability of its public officers. The audit reports have consistently revealed high incidence in the federal, state and local governments of (1) failure to comply with relevant rules and regulations, (2) losses and embezzlement of public funds and (3) improper monitoring and supervision (Khalid, 2010). These problems have existed in a wide range of departments, among which are the Royal Malaysia Police, the education department, the local authorities, the welfare department, the Islamic Affairs department, the public works departments and the Road Transport Department.

Table 1.9 shows a brief summary of the audit reports for the year 2011. The summary attests that almost all ministries were engaged in questionable transactions that involved business deals to purchase equipment, contracts payment and tax evasion. In some cases, due to the improper financial business deals, some projects were delayed for more than a year.

Malaysia’s Public Complaint Bureau (PCB) of the Prime Minister’s Department is responsible for handling complaints received from public regarding weaknesses in government administration. Among the complaints handled by the PCB include delays

in processing application, low quality of services, lack of enforcement, lack of public facilities, unfair decisions, misuse of power and misbehaviour of public servants (Malaysia, 2014). Between 2004 and 2007, most of the complaints received were on service quality, especially the low quality of counter service (Zamri, 2010).

Table 1.9: Selected Cases of Financial Transactions for 2011

Agency	Matter
Ministry of Education	<p>Procurement of Equipment for Vocational Subjects at Technical/Vocational Secondary Schools</p> <ol style="list-style-type: none"> 1. A total of 30 units of equipment worth MYR337,077 were paid for before the test run. 2. Claim for MPAV equipment supply worth MYR1 million was doubtful.
Inland Revenue Board of Malaysia	<p>Management on Tax Audit Activity for Individuals with Business Income:</p> <p>1,244 (7.3%) of 17,085 individuals audited had their cases closed without audit findings because there was no evidence of tax evasion even though their cases were selected by the risk-analysis methodology.</p>
Royal Malaysian Custom	<ol style="list-style-type: none"> 1. Out of 19 container scanners procured from 2001 to September 2010, three had been written off and only 6 from the remaining 16 could produce a clear image. 2. Incidents of improper payment, such as procurement through operating expenditure for MYR9.94 million worth of working tools without the approval of the Controlling Officer, and procurement of working tools valued at MYR2.25 million without adequate allocation, which resulted in payment through Treasury Instruction 59.
Ministry of Health	<p>Construction Project of the Kluang Hospital, Johor</p> <ol style="list-style-type: none"> 1. Professional consultant fee was overstated by MYR0.74 million and MYR0.62 million had been paid. 2. Consultant fee amounting to MYRM0.75 million was paid before the contract was signed. <p>Maintenance Services of Hospital Information System</p> <ol style="list-style-type: none"> 1. Price difference of MYR15 million between the contract awarded through direct negotiation and open tender. 2. Overpayment of MYR0.54 million to the contractor for claim of vacant/absent HIS project team members. 3. Estimated difference of up to MYR23.95 million between payment claims made to the Ministry and actual payment incurred by the contractor. 4. Hardware which did not require maintenance was included in the list of hardware maintenance, causing an increase of MYR1 million in maintenance cost. 5. Maintenance cost exceeded the purchase cost of hardware up to 72.5 times.

Source: Reorganised from Auditor's General Report 2011, National Audit Department, Malaysia.

Table 1.10 shows the reported cases for federal government in 2012 and 2013. Public Works Department received the highest number of reported complaints from the public. Seven departments had the highest number of cases for two consecutive years.

Public Works Department and Malaysian Royal Police received the most complaints in 2012. As for 2013, the Malaysian Royal Police still maintained the highest volume of reported complaints from the public.

On May 8, 2008, the Malaysian Parliament was informed that between 2003 and 2007, the Anti-Corruption Agency prosecuted 544 government officers and staff ranging from the armed forces to the officers in the welfare department for various corruption offences. Among the cases that have been prosecuted were accepting bribes (329 cases), giving and offering bribes (4 cases), submitting documents containing false information (103 cases), abuse of position (40 cases), a case under the Anti-Money Laundering Act 2001 (1) and cases under the Penal Code and other laws (67) (Index, 2008).

Table 1.10: The Highest Reported Cases for Federal Government

Agency	2012			2013		
	Complaint Received	Case still Processing	Case Settled	Complaint Received	Case still Processing	Case Settled
Public Works Department	773	30 (3.9%)	743 (96.1%)	153	0	153 (100%)
Malaysian Royal Police	721	0	721 (100%)	604	0	604 (100%)
State Health Department	510	12 (2.4%)	498 (97.6%)	363	45 (12.4%)	318 (87.6%)
Kuala Lumpur City Hall	424	5 (1.2%)	419 (98.8%)	312	1 (0.3%)	311 (99.7%)
State Education Department	350	13 (3.7%)	337 (96.3%)	313	21 (6.7%)	292 (93.3%)
Immigration Department of Malaysia	251	0	251 (100%)	309	0	309 (100%)
Welfare Department	232	3 (1.3%)	229 (98.7%)	144	7 (4.9%)	137 (95.1%)
Solid Waste and Public Cleansing Management Corporation	177	1 (0.6%)	176 (99.4%)	-	-	-
Road Transport Department	-	-	-	153	0	153 (100%)

Source: Reorganised from Public Complaint Bureau, Prime Minister's Department www.pcb.gov.my

Table 1.11 shows the corruption cases that were prosecuted from 2009 until 2011. It is evident that public officers contributed the highest number of corruption cases, among which are falsification of documents, misuse of position, excessive living beyond the salary, failure to declare property, dishonesty, irresponsibility, carelessness, breach of trust, failure to follow administrative procedure, serious debts, receiving of gifts and involvement in business and politics (SPRM, 2010).

Table 1.11: Number of Arrests for Corruption by Category

	2009	2010	2011	Total
Citizens	107	545	445	1,097
Government servants	190	293	323	806
Private sectors	180	102	145	427
Politicians	23	4	2	29
Total	500	944	915	2,359

Source: The Corruption Commission (SPRM), Malaysia, 2011

A Malaysian Institute of Integrity investigation on the counter service performance in the public sector uncovered that the service was ranked as medium performance. In 2006, the institute also developed a perception index on national integrity. The finding in terms of perception on the quality of service delivery in the public sector is at the second lowest and even lower than perception on corruption index (Zamri, 2010).

Neutrality, though still claimed to be the pillar of the public service, is no longer an important value in public service. In practice, public servants are required to obey the politicians. Moreover, there has been an increase in the number of contract officers who were rehired after retirement, and most of these pensioners occupy important positions in public organisation. In addition, public servants who were demoralised through their application for promotions have either been denied or postponed (Abdul Aziz, 2003).

In sum, problems of national unity, accessibility of public goods and accountability issues of public services clouded the performance of Federal

Government. Thus, evidences portrayed in this chapter shown that the issue of accountability are a grave concern for the citizen. Federal government tried to meet public expectation by introducing policies for the citizen but some policies backfires and pull the ruling government to deeper problems. Efforts have been done through all the years to ensure accountability and to become a caring government. However, is it enough to gain public trust? The 2017 Edelman Trust Barometer Malaysia findings showed that the trust level of Malaysian in 2017 has declined. 52 percent of Malaysian believe the system are failing them (Toh, 2017). Questions can be raised as such; How federal government can restore/increase public trust? If accountability of public sectors is the key to improve public trust, thus, how to improve accountability?

1.2.2 Public trust towards state government

Malaysia is a federation in which the state governments are delegated separate and distinctive powers. This system allows the preservation of the individual and regional identities of each state. The distribution of legislative powers and responsibilities between the federal and state governments was laid out in the Ninth Schedule of the Federal Constitution.

Recent political development in Malaysia witnessed that several states are ruled by political parties that are not aligned with the same party that ruled the federal government. In this sense, one question on accountability that arises for the state governments is whether these states are able to maintain public trust and ensure that accountability is practiced in every aspect of their administration?

However, many issues and complaints pertaining to the states' power and accountability of the state government may hamper public trust towards the state governments. Among the critiques on allocation of powers between the states and federal government is that most of the distribution of powers falling under the central

control and the states are left with small portfolios that carry less impact (Harding, 1996; Yeoh, 2012). Furthermore, there have been allegations that the state governments are not given enough autonomy and balance in power (Milne & Mauzy, 1978; Yeoh, 2012). Some issues pertaining to the state government that can trigger public distrust towards the state are those involving federal-state relations and conflict between the state rulers and the federal government. These are discussed in the sections that follow.

1.2.2.1 Federal-state Relations

'The best guarantee of happy federal-state relations does not lie in any constitutional provisions but rather in the harmonizing influence of party.'
(Milne & Mauzy, 1978, p. 107).

The relationship between federal and state government in the federalist structure is crucial for maintaining the country's stability and survival.

Federalism is defined as *'the mode of political organisation that unites separate politics within an overarching political system so as to allow each to maintain its fundamental political integrity'* (cited by Abdul Aziz, 2003, p. 126). The federal system is practiced by many countries such as the United States of America, Germany, Australia, India, Canada, Spain, Mexico, Nigeria, Italy and Malaysia (Levy, 2007; Kuppusamy, 2013). The system provides a beneficial arrangement to the federal government and its constituent or regional counterparts (Milne & Mauzy, 1978; Bednar, 2005; Levy, 2007; Kuppusamy, 2013).

Three features define federalism: geopolitical division, independence and direct governance (Bednar, 2005). However, in some countries, federalism has posed certain intriguing challenges, especially in the power struggle between the federal and constituent units (Milne & Mauzy, 1978; Abdul Aziz, 2003; Jomo & Hui, 2003; Jayum, 2009; Levy, 2007; Wah, 2010; Kuppusamy, 2013).

(a) Water Issue

Water is one of the most valuable commodities in this challenging world today, yet countries nowadays are facing troubling and aggravating issues on water. The scarcity of treated water for consumers' daily use is a threat to the nation. Malaysia, though blessed with an abundance of rainfalls, has faced this issue since 1990s.² It has been reported that water cuts are most frequent in Selangor and Kuala Lumpur, and Kelantan has faced the challenging issue of water shortage. Water shortage results in low water pressure, rationing and supply interruption. A few incidences of water cuts were experienced in Selangor, Kuala Lumpur, Negeri Sembilan, Kelantan and Penang. In recent cases, supply interruption was due to the serious drought in Malaysia which lasted for more than three months from late 2013 to early 2014. In addition, the loss of non-renewable water was also due to human negligence of leakages, theft and high consumption. In 1997, pipe leakages and theft depleted 36% of the total supply of water (Shen-Li, 1997). From this percentage, the water losses were contributed up to 40% for Selangor and Kuala Lumpur, and non-Governmental Organisation (NGO) (–Costly water treatment,” 1999).

One of the major water issues in Malaysia is the high consumption of water for domestic, business, or public institutions compared to the international standards for water. The domestic use of water in Malaysia increased from 200 litres of water per capita per day in the 1970s to 250 litres of water per capita per day in the 1980s. The domestic use of water continued to increase in the 1990s and after (Shen-Li, 1997). A study of the 1998 water crisis in Penang's Free Trade Zone showed that some large

² The issue of water crises in Malaysia has been covered since 1997 in various daily newspapers, namely the *New Straits Times*, *Malaysian Business*, *Business Times*, *The Edge Malaysia* and the *New Sabah Times*.

factories had used between 100 and 150 million litres of water a month, an amount that is equivalent to the water used by 4,871 households (Weng, 2000).

Water mismanagement is the obvious reason for water crises in Malaysia (—A National Policy,” 2004). The ongoing conflicts in water management, especially in Selangor and Kelantan, have worsened the situation and had a lasting effect to the public. During the reign of Barisan Nasional in Selangor, an effort was made to resolve the water crisis in Selangor and Kuala Lumpur, particularly by privatizing the water management to several consortiums. The water management crisis in Selangor started when Selangor lost to the opposition party of Pakatan Rakyat after the 2008 election. The decisions made by the previous Barisan Nasional government, especially for the construction of a new dam (Langat 2), spurred some negative reactions by the present state government, but the conflict was resolved after Selangor’s chief minister agreed to build the Langat 2 dam, a decision that was strongly opposed by the Pakatan Rakyat (—Langat 2,” 2014).

1.2.2.2 Production and Allocation

One of the challenges faced by federalism is that of reasonable allocation of wealth to all members in the federation (Bednar, 2005). The nature of federalism calls for the national government to respect the decisions by the member states, with each member state thus enjoying a fair amount of independence in governance (Bednar, 2005; Levy, 2007; Wah, 2010). Contradictory to its ideals, though, opportunism is lurking and operates to reduce productivity and efficient allocation of wealth among its member states (Bednar, 2005; Abdul Aziz, 2009).

The structure of the federation system is protected by the existence of the federal constitution, which details the power of the national and state governments. This

division is absent in any of the United States of America's specific chapters (Abdul Aziz, 2003). Malaysia's Federal Constitution, which follows India's constitution, details the power between the federal and state governments in three lists (Harding, 1996; Muhammad Agus, 2006; Abdul Aziz, 2009; Kuppusamy, 2013): for federal (List I), for state governments (List II) and the powers shared between the federal and the state governments (List III) (Table 1.12).

Table 1.12: Federal, State and Concurrent Powers in Malaysia

List I (Federal powers)	List II (State powers)	List III (Concurrent powers)
External affairs Defence Internal security Civil and criminal law and administration of justice Citizenship Machinery of government Finance and taxation Trade, commerce and industry Shipping, navigation and fisheries Communication and transport Water supply, river and canals Energy Survey, inquiries and research Education Health Labor and social security Aborigines Professional occupation Holidays Unincorporated societies Media Censorship Corporation societies Tourism	Land Malay reservation Licensing for mining Transfer and compulsory acquisition of land Mortgages, loans and charges Treasure trove Agriculture and forestry Local government Licensing (boarding house, cinema) Roads and bridges Machinery of state governments State holidays Turtles and riverine fishing Libraries and museum	Social welfare Scholarship Protection of wild animals Animal husbandry Town and country planning Vagrancy and itinerant hawkers Public health Drainage and irrigation Rehabilitation of land Fire safety measures Culture and sports Housing and provision of housing Water supplies Preservation of heritage

Source: Reorganised from Malaysia (2010a).

These lists are mentioned in Article 74 and Schedule 9 in the Federal Constitution (Malaysia, 2010a). As for the Borneo states of Sabah and Sarawak, there are some differences in allocation of powers with regards to the natives in Sabah and Sarawak; there is a special acknowledgement in the Federal Constitution of that apportionment (Abdul Aziz, 2003; Jayum, 2009, Malaysia, 2010a).

Malaysia's federalism legitimises the existence of a federal constitution that specifies every power and thus limits the role of the national and, in particular, the constituent units (Kuppusamy, 2013). This contradicts the feature of federalism that states that a federal system recognises the independence of national and state government which are not subordinate or subservient to one another (Bednar, 2005; Kuppusamy, 2013).

Malaysia's constitution is unique in the sense that special powers exist in terms of special protection, extension, exemption and exclusion especially to Sabah and Sarawak (Jomo & Hui, 2003; Abdul Aziz, 2009; Jayum, 2009). In this sense, countries that have ethno-cultural or linguistic pluralism and a large geographical area face difficulties in distributing equal proportions of wealth to their member state (Levy, 2007).

1.2.2.3 Complexity of Federal Problem

The federal system recognises two levels of government: the national or central government and the state governments (Bednar, 2005; Kuppusamy, 2013). According to Bednar (2005), the division of power between the two governments may give rise to opportunistic behaviour either by the national or by the state government. The centralisation of power by the national government is the most prominent in this kind of relationship and most evident in the case of Malaysia (Milne & Mauze, 1978; Harding, 1996; Jomo & Hui, 2003; Abdul Aziz, 2009; Jayum, 2009; Wah, 2010).

(a) Centralisation of power by the national government

A federal government is a government composed of several or many regional or constituent units. Once federalism has been agreed to, these constituent units must choose a few policy providers and agree on a small set of complete policy packages

(Levy, 2007). Malaysia's federalism calls for the national government to focus on singular public policy priorities, thus neglecting other areas that could cause conflict in its constituent units (Jomo & Hui, 2003). The Federal Constitution of Malaysia acknowledges the issue of inter-ethnic tensions, and it was this tension that guided the drafting of the constitution (Jomo & Hui, 2003; Abdul Aziz, 2009; Wah, 2010). In drawing the Malaysian constitution, the Report of the Constitutional Commission suggested the 'establishment of a strong central government with the states enjoying a measure of autonomy' (Milne & Mauzy, 1978, p. 101). In doing so, the national government limits the power of the state governments by listing the authority of each government specifically in the constitution, as mentioned in the ninth schedule of the Federal Constitution. However, the balance of power favours the national government (Muhammad Agus, 2006; Abdul Aziz, 2009). The minor role of states is shown by their restricted control over amendments to the constitution, which can only be made by the Parliament with two-thirds majority support in each house (Milne & Mauzy, 1978).

Malaysia's federal supremacy is more apparent in revenue distribution (Jomo & Hui, 2003; Abdul Aziz, 2009; Wah, 2010). The federal government has discretion and jurisdiction over the disbursement of all development funds and final say over whether the state governments can borrow monies and from whom they may do so (Jomo & Hui, 2003; Wah, 2010). Denial of the grants and limitation of revenue by the central government to the state governments, especially to the opposition-led state government, has compelled these state governments to hand over some of their functions to the federal government (Jomo & Hui, 2003).

In public services, there exist various bodies and institutions whose advice and recommendations are binding or difficult to avoid by the state governments. Accordingly, the states are assumed to be incompetent and always in need of being put

under federal supervision. Conflicting allegiances are bound to arise when the state and the local government officers are technically employed by the federal government, especially for high-level officers in the administrative and diplomatic services or *Pegawai Tadbir dan Diplomati (PTD)* (Yeoh, 2012). In practice, the states have to accept federal officers, federal policies and preferences. In some states, senior officers such as the state secretary and the financial officer are appointed from among the federal public servants. In all peninsular states, the legal advisers come from the federal judicial and legal service officers. It is not easy for the states to assert their rights, let alone their individuality and autonomy (Abdul Aziz, 2003, 135).

The situation worsened as the state governments prioritised their parties' political interests rather than their constitutional rights. Often the state politicians let the federal government pursue its priorities, such as by surrendering territories to the federal government (Abdul Aziz, 2003). The opposition-led state governments have also faced problems among their coalition political party members. For example, the confiscation of bibles by the Selangor Islamic Religious Department (JAIS) on January 2, 2014, sparked the fire among Pakatan Rakyat when the Chief Minister of Selangor failed to react on the issue, thus leading to the plan to move the Bible Society of Malaysia (BSM) from Selangor to Kuala Lumpur (—DAP leaders," 2014).

With all occurring issues in regards to state government that tarnished public trust, two issues/questions need to be answered by the ruling state government; (1) Can federal and state government find a win-win solution in order to become accountable government, instead of bickering and find faults against one another? (2) Public trust in this aspect is specific that is focus on their respective states, however, several incidences as mentioning above raised tension and effect public trust towards state government.

1.2.3 Public trust towards the local government

The exercise of accountability by local government employees has become an imminent concern since they are the frontliners serving the public on a daily basis. Accountable local government in delivering services will satisfy the public, reduce the complaints and eventually achieve public trust. As a result, local government performance would affect the image of the state and federal governments. Several pertinent aspect need to be considered in exploring the subject of accountability and public trust especially involving local government services; (1) Local government has been known to have limited finances and resources. How can they able to give efficient and effective services and at further end become an accountable government? (2) Local government are the frontliner in service delivery and representing government in power especially state government. How can they be trusted by the public? With all so many issues shrouding service dealings and accountability, can public trust local government? (3) the mounting of services done by the local government especially city council and municipality has become a pressuring burden to them. Even several effort done to ensure they are accountable and trustworthy and efficient, can they maintain good performance in longer period?

The functions of local government, as stated in the act/constitution, are to authorize local government to perform within the stated jurisdiction. As the third tier in the government, the local government serves as a field government faced with the task pursuing its responsibility as a service provider to its community. This task may prove challenging in terms of administrative management or in terms of delivering satisfying service to the public (Phang, 2008). The combination of being infra-sovereign in nature and being subject to the authority of the higher government limits the capability of local governments in carrying out their responsibility. Many instances have attested to the

ineffectiveness of local government due to the limited financial capacity. The issues are highlighted as follows:

1.2.3.1 Councillor

Section 10 of the Local Government Act 1976 (Act 171) provides that local authority councillors shall be appointed by the State Authority. In this case, state governments have full power to decide who shall be councillors. The nomination of councillors is done either by the state government or by the chief minister of that particular state (Ahmad Atory, 2002). The number of councillors in a local authority cannot exceed 24 councillors and cannot be fewer than eight. In general, councillors have the responsibility to represent local interest in their interaction with local authorities, such as in service delivery, taxation, licenses, complaints and others. In this sense, most of the councillors will be selected on the basis of political party affiliation, professionals, and their outstanding achievement in the community, states or nation (Ahmad Atory, 2002; Kamarudin & Jamaludin, 2013). However, several incidences have tarnished a councillor's reputation and even the state's capability in the choice of councillors and, hence, eroded public trust towards the government.

The dispute about the nomination of councillors for Selangor local authorities was a recent example. This incident was highlighted when Selangor's Chief Minister disapproved of the reappointment of 42 councillors across the state, which was supposed to commence in January 2014. There were several allegations in regards to the appointment, such as the conflict between the Chief Minister and the Pakatan Rakyat's Vice-President, cronyism and lack of discipline of the councillor. The Chief Minister's office attributed this incident to several issues that needed to be resolved, including the qualification of the candidates (Norhayati, 2014).

Misuse of power by the council members became public news after one of the council members had written letters of support and used a state committee member's official letterhead to obtain contracts for his cronies and family members ("Council Man," 2010). There was also a case in Perlis in which the council members manipulated racial issues and tarnished the council's reputation ("Perkauman," 2012).

Local authorities have rules regarding renovation of houses and buildings in which every local resident must comply and apply for such renovation. This regulation applied to members of the local authority itself and even the state or federal government. However, there were incidences where three council members in Majlis Perbandaran Klang (MPK) did not apply for the renovation and an investigation revealed that the renovation was not done according to procedure ("Letak Jawatan," 2006).

1.2.3.2 Local Government Election

History has proved that people show their level of trust in their government through elections. Elections give authorisation to representatives to act on behalf of local citizens (Trounstine, 2010). Most countries in the world today practice local government elections for better representation and for devolution of responsibility to the local level (Murphy, 2001; Sturgeon, 2009; Trounstine, 2010). Elections for local government have been practiced in the United States of America, the United Kingdom, India, Latin America, European countries (Central and Eastern Europe), Indonesia, China and Bangladesh (Murphy, 2001; Saffel & Basehart, 2005; Sturgeon, 2009; Trounstine, 2010; Vilka & Brekis, 2013). Although some countries faced painful paths to local self-governance, the end result was fruitful, with recorded accomplishments of the local governments in representation and in generating more financial revenue at the local level (Sturgeon, 2009).

Malaysia has experienced several general and state elections, with the most recent election held in March 2013. The General Election (GE) serves as an arena for people to support it or to vent their anger. In the 2008 GE, the ruling government lost five states, which marked the biggest loss in the history of the democratic country. However, it is hard to find evidence on how the people showed trust towards local government. As such, Malaysia's triggering issue when discussing local government is in the elections for local government. The country's first election was for local government but, after the confrontation with Indonesia in 1965 and the communist insurgency in 1969, the election for local government was suspended and then discontinued (Harding, 1996; Ahmad Atory, 2002; Mohd Salleh, 2003; Kuppusamy, 2013).

Local government (LG) is the third tier in the government structure and the closest to people. It is also called as a 'field government'. Local government caters to people's needs directly, and, being an infra-sovereign body, it has to follow or obey instructions from the state government as well as from the federal government (Ahmad Atory, 2002; Phang, 2008).

Lee (2005) iterated the historical precedence of elections in the Malay State during the British reign in which effort was made by the municipal rate-payers who demanded wider franchise and responsibilities. The first partial election was held at the Straits Settlement of Singapore, Penang and Malacca in 1857, but this was short-lived and was abolished in 1913. After the Local Authorities Election Ordinance of 1950 was enacted, the local government elections were allowed with the participation of political parties. Local government elections continued to be practiced until 1960. Due to the incidents of 1965 and 1969, the local government elections were disbanded by two emergency regulations: the Emergency (Suspension of Local Government Elections)

Regulations (1965) and the Emergency (Suspension of Local Government Elections) Amendment Regulations (1965). During the suspension, several local authorities were taken over by the state government due to several problems in regards to administration of local government. These complaints centred around maladministration and malpractice, as happened in local authorities of Negeri Sembilan and Georgetown, Penang. Furthermore, some local authorities were unable to function and discharge their duties because of financial reasons, such as the case of the Johor Bahru Town Council and the Batu Pahat Town Council. However, since the suspension, the local government in Malaysia has never experienced another election again even though the local government system in the country has undergone positive changes and a restructuring process.

Since the termination of local government elections in 1965, the public, especially through political parties, voiced their concern and anger towards the government. In 1968, the Royal Commission of Inquiry to Investigate the Workings of Local Authorities in West Malaysia recommended that local authorities be administered by elected representatives. However, the recommendation was denied by the government (Yeoh, 2012; Kuppusamy, 2013). Alas, from that time onwards the level of support or dissatisfaction towards the local government was hardly expressed by any means of reactions from the very people the local governments were serving. Freedom of speech and expression, especially through the media, has become the most important tool in disseminating information concerning their rights to ownership of property and other matters, making it more challenging for the different levels of governments to provide the basic needs of the people. The public tended to be lopsided in demanding their rights without looking at which tier of government was responsible for addressing their problem (Kuppusamy, 2013). For example, in housing, the state level policies, the demands of the people, coupled with the pressure of development have forced the local

authorities to be roped in to providing housing for the poor and the needy. This came in the form of temporary housing (transit homes), which are usually rented to the affected people, or permanent housing through house ownership.

1.2.3.3 Financially Constrained and Overburdened

Good financial management is the key to local delivery. Most local governments today are associated with the worst form of financial management. Most of the current financial occurrences in local government are corruption, financial mismanagement and non-compliance with financial legislation (Milne & Mauzy, 1978; Transparency International, 2008; Norida, 2010). These are common, and the delivery of services is compromised.

The Local Government Act 1976 (Act 171) of Malaysia, mentions in detail the variety of local government functions. The responsibilities of local government range from maintenance to control and supervision of public places. The local government is also responsible for overseeing matters concerning the pollution of streams, food, markets, sanitation and nuisance, fire services to burial places, crematoria and exhumation. The local authority also has the general power to make by-laws, as mentioned in Sec 102 LGA 1976 (Act 171). In addition to the powers of making by-laws expressly or impliedly conferred upon it by any other power to provisions of this Act, every local authority may from time to time make amendments and revoke by-laws with respect to all such matters for the maintenance of the health, safety, and well-being of the inhabitants or for the good order.

The many tasks stated above have overburdened the local authority to deliver quality services. To overcome these challenges, the local governments have had to come up with alternatives of privatisation and contracting out some services to other agencies. Waste management is the best example of privatisation, yet the outsourcing has also

encountered problems and disgruntlement from the public (UNDP, 2008; Iwan et al., 2012). The inefficient service delivery of the local authority may be linked with other unresolved problems from the national or state governments or other network agencies, and the situation may worsen if the public loses trust in the authority. In this sense, the service provider must be involved in the daily interaction with the recipients of the service, and that local authority must portray an image of confidence and be efficient and proactive in countering such problems. Problems will always be there and public complaints will not disappear. What matters is the way local authority officers deal with such problems, and a quick response to problems may help the public to be confident and trust the local authority concerned.

1.2.3.4 Quality of Services by Local Government

Local government must have policies and institutional frameworks that support and sustain the development of local people. These frameworks should be progressive towards realizing and promoting good governance. Furthermore, the local government has faced constraints in giving quality services such as in financial management, and in countering the excessive burdens and shortages of required skills. The local government was initially formed to cater to urban matters (Phang, 2008), but its functions have increased following the rise in population due to urbanisation and immigration. One of the most pressing issues involving a prominent role for the local government is in solid waste management.

(a) Solid waste management

It is reported that the production of solid waste in third-world countries' production has been increasing daily with an annual increase of approximately 6% (Jalil, 2010). The nature and composition of solid waste produced in these countries are different from those of developed countries. The domestic waste produced in industrialised/developed

countries is easier to handle because it contains a large amount of pre-processed food, which constitutes a low proportion of moisture in wastes (UNDP, 2008). The waste produced in these countries also has a high content of packaging that consists of paper, plastic, glass and metal. On the other hand, developing and less developed countries production of domestic waste comprises high water content, which results in a very dense waste that is difficult to handle and dispose of (UNDP, 2008).

Municipal solid waste in Malaysia consists mostly of organic waste generated by the urban population (UNDP, 2008; Jalil, 2010). In the 1980s and 1990s, 50% of domestic waste was composed of processed kitchen and food waste. This amount has continued to increase and, without proper management, the problem can be hazardous to health and environment (Jalil, 2010).

Table 1.13 shows the generation of MSW in Peninsular Malaysia and Kuala Lumpur from 2001 until 2010 and the estimated MSW production in 2020. As shown in the table, the MSW produced is increasing daily and annually but, in 2010, the quantity decreased, presumably due to the increased environmental concern among the urban population at that time. The increase in per capita income in the urban areas has enhanced the purchasing power of the urban population (Chua et al., 2011).

Table 1.13: Municipal Solid Waste (MSW) Generation in Peninsular Malaysia

Year	Kuala Lumpur		Peninsular Malaysia	
	Per day	A year	Per day	A year
2001	2,500 tons/ 1.7 kg	912,500 tons	n.a	n.a
2003	1.5 kg	n.a	17,000 tons (0.85 kg/capita/day)	n.a
2004	2,500 tons	912,500 tons	n.a	8.7 million tons
2010	2,000 tons	n.a	n.a	n.a
2020	3,317 tons	1,210,705 tons	31,000 tons	15.7 million tons

Source: Reorganised from MHLG, 2006; Jalil, 2010; & Iwan et al., 2012.

Their modern lifestyles have necessitated products that are convenient yet give rise to the generation of solid waste that contains high proportion of non-degradable materials, such as plastics and chemicals (UNDP, 2008). For this reason MSW is produced more in urban areas than in the rural parts.

The management of municipal solid waste is the responsibility of the local authorities. The government of Malaysia under the Ministry of Urban Wellbeing, Housing, and Local Government (MHLG) facilitates the work of the local authorities by providing financial allotment to purchase appropriate machines, solid waste containers and vehicles. The local authorities in Peninsular Malaysia, for example, have allocated 40 to 50% of manpower to be involved in cleaning, including clearing solid waste (Iwan et al., 2012). Yet, the cleaning and management of municipal solid waste by the local authorities are still insufficient to cater to the increased solid waste production. Also affecting the collection and transportation of the waste is the increase in traffic density (Chua et al., 2011; Iwan et al., 2012).

Any waste collected must be disposed at a proper dumpsite or handled intelligently. As pointed by Chua et al. (2011), the main objective for the proper disposal of municipal solid waste is to maintain cleanliness and prevent environmental contamination and transmission of diseases. The measure is also taken for aesthetic reasons.

In the early days, solid waste was disposed of by digging holes near the dwellings, burying the refuse near the dwellings and throwing the waste into the streets or watercourse (UNDP, 2008). This process, however, has contaminated the water channel and caused unpleasant smells. The traditional method has also attracted rodents and jeopardized people's health. Hence, municipal solid waste nowadays is disposed in

landfills through incineration and recycling (MHLG, 2006; UNDP, 2008; Jalil, 2010; Chua et al., 2011; Iwan et al., 2012).

Landfills used for solid waste disposal are open dumpsites, and they require huge land space. The open dumpsites can lead to the production of harmful biogas and release unpleasant odours. As in January 2011, Malaysia had 296 open dumpsites with 166 still in operation (Chua et al., 2011). The use of incinerators can help to prevent harmful biogas and unpleasant odours. In this sense, municipal solid wastes are mostly disposed at landfills and only small amounts go to incinerators. Currently, Malaysia has four incinerators owned by the government and one that is privately owned (Chua et al., 2011).

Table 1.14 shows the types of waste recycled in Peninsular Malaysia. Food waste, despite constituting the highest portion of waste generation, cannot be recycled because it contains mostly kitchen waste. Paper, ferrous metal and aluminium are mostly recycled due to their high price. Paper waste is the most collected for recycling. Nevertheless, the recycling rate in Malaysia is very low, constituting only 5–5.5% from 2002 until 2006 (Jalil, 2010). This rate could not keep up with the mounting municipal solid waste produced every day.

Table 1.15 shows the waste generation rate in Kuala Lumpur for the year 2010. Kuala Lumpur generated the highest amount of plastics waste. Specific investigations have ascertained that the value of plastics waste is the highest (RM0.45 per kilogram) compared to the value of other types of waste. Given this point, plastic waste can generate additional income to the government where it is exported out of Malaysia (Teuku Afrizal, 2012).

Table 1.14: Types of recycle waste in Peninsular Malaysia

Content	Share of waste composition (%)	Estimated recycling rate (%)	Remarks
Food waste	49.3	4.5%	Composing of food waste is not employed on a large scale.
Paper	17.1		For recycling is mostly collected from general source after separation. Source separation is limited to certain paper categories that have high market value.
Plastic	9.7		Actively collected for recycling including PET bottles, HDPE, PE, PP etc. Source separation is limited due to comparatively lower price compared to waste paper & metal.
Glass	3.7		Recycled including glass bottles, jars & coloured or clear glass. Source separation is low. Limited number of glass bottles manufactured in Malaysia generated low demand.
Ferrous metal	1.6		Wide range is recycled in the local market. Source separation & direct selling is high.
Aluminium	0.4		Source separation & direct selling is high due to high selling price.

Source: JICA Study Team, 2006, p.8.

Table 1.15: Waste Generation Rate from Kuala Lumpur City, 2010

Type of Solid Waste	Generation Rate/person/day
Food Waste (and its mixtures)	0.6 kg/capita/day
Plastics (and its mixtures)	0.24 kg/capita/day
Paper (and its mixtures)	0.18 kg/capita/day
Others	0.18 kg/capita/day

Source: Iwan et al., 2012.

Prior to 1998, solid waste management in Malaysia was managed by the local authorities of each state but the service was later privatized in Peninsular Malaysia due to massive development. The federal government has offered interim contract to four private companies on the basis of the geographic location of each state. Alam Flora Sdn. Bhd. was entrusted for the solid waste management in Kuala Lumpur, Selangor, Putrajaya, and Pahang. Environment Idaman catered for Kedah and Perlis and SWM Environment Sdn. Bhd handled solid waste for Johor, Melaka, and Negeri Sembilan.

The federal government assumed full authority on solid waste management in 2007 by establishing the National Solid Waste Management Department (JPSPN) and the Solid Waste and Public Cleansing Management Corporation (PPSPPA) through which they monitor the work of the private contractors.³

The privatisation of solid waste management was implemented (1) to solve problems including the inefficient services of local authorities in solid waste collection and (2) to ease the financial burden of the local authorities (Teuku Afrizal, 2012). Yet, problems persisted such as the issues reported in Johor in which Johor Bharu City Council (MBJB) received 2,000 to 3,000 complaints from the public concerning solid waste management by private contractors from late 2011 until March 2012.⁴

The Malaysian Congress for Public Workers (CUEPACS) also raised concerns about the privatisation of solid waste management by claiming that privatisation would cause local authority staffs to lose their job or be alienated as public servants, particularly when they were transferred to private companies for overseeing the related solid waste management project, as happened in the case of Kedah, Perlis and Selangor. Accordingly, the Perak government has not signed the agreement on the takeover of solid waste management (–CUEPACS Bantah,” 2014).

The continuous issue in solid waste management has affected the local authorities. Being infra-sovereign, local authorities are subject to state government; thus, any decision by the state will make or break the local authorities' success in solid waste management. Therefore, the local authorities' reputation within their local communities is affected by the higher government. In other words, to secure public trust

³ www.sisa.my

⁴ www.swm-environment.com/swmbulletin/

and repair the negative image of the local authorities, the government as a policy maker needs to hear the public outcry and listen to all parties concerned.

(b) Other functions of local authority in service delivery

Article 73 of the Malaysian Local Government Act 1976 (Act 171) provides that the local authority has power from time to time to make, amend or revoke by-laws for the better carrying out of their duties. In this regard, each local authority has its own by-laws. One of the provisions concerns stray animals. In Malaysia, dog attacks occur every year, and some of the cases are fatal (Rashita, 2012; Nor Aziah, 2012; "Budak Cedera," 2014; Iskandar, 2014). The public claimed in one instance that some local authorities did not take any action about stray dogs. In another case, it was reported that the local authority did not take any action on a citizen who let his ten dogs out during the night ("Pihak Berkuasa Tempatan," 2011).

The local authority holds many functions, as stated in Local Government Act 1976 (Act 171). The Act clearly prescribes the role of local authorities in their areas, from management of public places and burial grounds to application approval, granting of licenses, management of cleanliness and beautification of cities. These many duties require much manpower to fulfil the tasks.

The variety of functions performed by local authorities leads to diverse effects, in which some functions receive compliments from the public and others receive complaints. Complaints regarding unsatisfactory service delivery need to be handled continuously. Management of public complaints is imperative because the public will be unhappy when their complaints are not addressed immediately.

1.3 Research Questions

Public service has been scrutinised for many years, and reports of mismanagement by the public servants are rampant across the world. The U.K. government's approach to reforming its local government was due to the claim by the present Labour government that the management of local government under the previous leadership was inefficient, unclear, and out of date (Hambleton & Sweeting, 2004). Historically, the suspension of Malaysia's local government election in the 1960s was also related to mismanagement and maladministration by the local authorities. Thus, inefficient public service is apparently a matter of concern to be focused on and improved. Efforts have been made to instil a spirit of accountability in public servants, particularly local government officers, who are closest to the people and who serve as a medium to higher government. In fact, the move towards decentralisation of local government as experienced in most countries was made to increase the efficiency of public service (Rosenbaum, 2013). On the other hand, Britain's modernisation reform of local government under the premiership of Tony Blair emphasized the value of leadership and a clear role for mayors, councillors and executives to enhance accountability further (Demirkaya, 2006). Furthermore, India's decentralisation of local government was to give constitutional status to local government in the sense that, by this authority, local public goods can be distributed and services will improve (Aijaz, 2007). Similarly, Malaysia's formation of the Institute of National Integrity was also to oversee matters of public service work ethics.

However, the issue is still apparent worldwide and has become daily news in the national and international media. Corruption is apparent and a major issue in India's public service. Transparency International found that 62% of Indians experience corruption in getting jobs done in public offices in 2005. The figure decreased to 40% in 2008 (Transparency International, 2008). Similarly, the Corruption Commission of

Malaysia (SPRM) also proved the increasing number of corruption cases involving government servants. Thus, it always becomes a triggering dilemma that makes the public question the level of accountability of the public servants. Given these points, the following question is addressed:

RQ 1: What is the level of accountability and ethical accountability in the provision of local government services?

As the provider of services to the public, the local government needs to increase its efficiency and effectiveness in delivering the services. The introduction of the Best Value Management Framework (BVMF) in the U.K. local government was to promote accountability to local community and to put stress on the issue of quality public services. The implementation of the BVMP covers all functions of local authority (McAdam & O'Neill, 2002), yet it has been a continuously debatable issue within the British local government. Some of the findings on the best-value practice found that the system lacked synergy among organisational goals, department plans and performance of individual (Harris, 2005).

On the other hand, Malaysia's Local Government Act of 1976 (Act 171) has detailed the role and responsibility of the local government in service delivery. With various tasks that need to be performed, the local government faced obvious difficulties in fulfilling its various function. The functions of local government in Malaysia are divided into obligatory and discretionary functions. The five main obligatory functions of local government are listed in the LGA 1976 (Act 171). In addition, the two discretionary functions are also mentioned in detail under this Act. While the issue of accountability, especially corruption, has shown a considerable increase, it is also a question of how the public perceives government performance, especially in terms of

service delivery. Does the public trust government servants in its service delivery? Or do they trust the public sector merely because they have no choice?

The government has exercised many efforts to counter the issue of accountability in order to increase public trust. Countries around the world under their own departments of integrity, such as the Office of Research Integrity in the U.S, the U.K. Office of Research Integrity, the Institute of Integrity Malaysia (IIM) and others have also conducted seminars and training programs on integrity for government departments at all levels to enhance the integrity of public servants. The government is also actively involved in combating corruption, which has resulted in the arrest and prosecution of public officers.

RQ 2 What is the relationship among public trust, accountability and ethical accountability in the provision of local government services?

Local government, as the field government, needs to portray efficient and effective performance in fulfilling its duty. In doing so, it will increase public confidence and boost the image of national government to the public. In the absence of local elections for councillors, the best method for national government to gain public trust is through efficient service delivery and relentless effort to combat mismanagement and malpractice within the institutions.

Different countries adopt different practices for local government. The United States' constitution does not mention the existence of local government. Local governments in the United States are created by the will of the states through the charters granted by the states (Holcombe & Lacombe, 2001). The Home Rule provision adopted by local governments in the United States has given great flexibility for the local government to function; for example, the local government can hire

professional city managers to run daily operations (Katz, 2003). On the other hand, Australia's local governments have the authority to provide for good governance and service on behalf of other levels of government (Australia, 2010). India's local governments have divided the functions between obligatory and discretionary. Among the obligatory functions are registration of births and deaths and supply of pure drinking water (Aijaz, 2007). Hence, the next question is stated below:

RQ 3: What is the scope and ability of the local government in the provision of local government services?

1.4 Research Objectives

The research objectives are designed on the basis of the research questions posed above.

The research objectives in this thesis are:

1. To determine the level of accountability and ethical accountability in the role of local government in the provision of services.
2. To investigate the relationship among public trust, accountability and ethical accountability in the provision of local government services.
3. To examine the scope and ability of local government in the provision of local government services.

The study hypothesises that the accountability of the public sector, especially local government service delivery, will affect public trust. Besides that, the study also posits that, in order to gain public trust, the focus should be more on strengthening the ethical values of civil servants. The concern about values has been highly relevant when discussing public service performance and the increasing responsibilities of government make good ethical conduct of public employees an important component of the performance of government as a whole. The proposition on the relationship between

accountability and public trust were put forward in this thesis due to the fact that accountability of public sectors has been a grave concern by the public based on several recurring incidence of public embezzlement, misused of powers and as such (Cheung, 2013). The question on accountability and lack of it has eventually eroded public trust towards public institution (Ahmad et. al., 2005; De Walle et al, 2008; De Grafl, 2010)

1.5 Scope of the Study

The research covers accountability and public trust in local government. Five local authorities representing the state of Selangor and one local authority representing the federal government were selected for the study. They are Dewan Bandaraya Kuala Lumpur (DBKL), Majlis Bandaraya Shah Alam (MBSA), Majlis Perbandaran Klang (MPK), Majlis Perbandaran Ampang Jaya (MPAJ), Majlis Daerah Hulu Selangor (MDHS) and Majlis Daerah Kuala Selangor (MDKS). These local authorities have been chosen due to the fact that the issue of public trust and accountability has always been relevant in these local authorities. As such, the first election in Malaysia was held for MPKL (Kuala Lumpur Municipal Council) in 1952, and each local authority formed has had a number of issues pertaining to accountability and public trust. For example, from 1st January to 31st December 2010, overall complaints received by the state of Selangor are the highest compared to other states in Malaysia, whereas DBKL received the highest complaints regarding services for government agency for that year (1123 complaints).⁵ The respondents, who were among local government employees from the two governments, were selected for the following reasons: First, the Selangor state government has been under the opposition party Pakatan Rakyat since 2008, whereas the federal government is governed by Barisan Nasional. Second, the Selangor state government is the most developed state in the country. The federal government's role as

⁵ www.pcb.gov.my/STATISTIK/Laman%20Web%20Statistik

the country's centre of administration also seeks proactive and dynamic local government, held by its only local authority in Kuala Lumpur, namely City Hall of Kuala Lumpur. This study focuses on service delivery, particularly in the provision of local government services.

1.6 Significance of Research

DiMaggio (1995) remarked that the search for a good and appropriate theory in the field of social science research is multidimensional. It is not easy to decide which theory is good or which is not. Thus, the best that a researcher can do is to combine approaches to theorizing. The appropriate theory should account for several varieties that include generalisation, insightfulness and narration. In doing so, the study on public trust and accountability contributes to a growing body of knowledge in the social capital and principal-agent theories. Literally, social capital is defined as the interaction, cooperation and coordination between two or more individuals who work with each other to achieve shared objectives (Putnam, 1995a, 1995b; Thomas, 1998; Rothstein & Stolle, 2002; Back & Kestila, 2009).

As pointed out by Thomas (1998), social trust is a form of social capital that is embedded within an institution and can thus promote active cooperation (Thomas, 1998). The interaction between the principal and an agent in principal-agent theory implies that the principal entrusts the agent with a certain task to perform. The obligation can be related to the duties of local government in delivering the services. Local government staff is considered as an agent, fulfilling the obligation with the public as the principal. Social capital theory relates to the level of interaction between the local government and the public. In practice, the challenges faced by the local government to gain public trust are extensively contributed by the influence of ethical accountability practice by local government. Studies have attested to the growing

importance of ethical accountability with the countless efforts made by governments worldwide to enhance the sense of responsibility of their staffs and thus to gain public trust (Thomas, 1998; Rothstein & Stolle, 2002). The present study is significant because it adopts social capital theory to determine the ethical values to be investigated, whereas agency theory confirms the focus on the responsibility entrusted to an agent in order to enhance accountability and achieve public trust.

This study can also contribute to the inclusion of ethical accountability as a mediator to trust. Public trust serves as the dependent variable and accountability is the independent variable. These two variables have been studied extensively, and there are scattered readings on ethical accountability, particularly on benevolence, honesty, loyalty, fairness, integrity and responsiveness.

Fard and Rostamy (2007) outlined seven main types of accountability: ethical, legal, democratic, financial, performance and political accountability. Ethical accountability is described as an act of public servants that follows ethical norms (Thomas, 1998; Kim, 2005; Fard & Rostamy, 2007). The researcher stresses that all forms of accountability described above require increasing levels of public trust of the public service, but these will be meaningless without being related to the practice of ethical accountability (Feldheim & Wang, 2004; Heintzman & Marson, 2005; Wang & Wart, 2007; Belwal & Al Zoubi, 2008; Grimmellikhuijsen, 2009). In fact, ethical behaviours hold them together and enable public officers to implement their duties fully and truthfully. Given these points, ethical accountability serves as a mediator variable that can influence other forms of accountability and thus lead to public trust. On the other hand, ethical accountability can also affect public trust directly. Other studies have yet to look into ethical accountability as the mediator.

This research also contributes to the application of loyalty as a mediator to trust in a public organisation. Other mediators tested in this study—benevolence, honesty, integrity, fairness and responsiveness—have already been identified as mediators in previous studies (Wang, 2002; Feldheim & Wang, 2004; Fard & Rostamy, 2007; Wang & Wart, 2007; Grimmelikhuijsen, 2009). This study introduces a new mediator: loyalty. Loyalty is mostly tested in consumer business research of products marketing. There is hardly any research on loyalty as a mediator in public organisation and, in particular, local government.

By applying the partial least squares technique, this study provides results that prove loyalty as a significant mediator to trust. The result also poses a new contribution by confirming that benevolence is not a significant mediator to trust. Previous studies had shown that benevolence is important to achieve public trust and confidence, which led to the initiation of several significant efforts to strengthen integrity (Grimmelikhuijsen, 2009). This new finding contributes to several conclusions discussed in the final chapter.

This study is important because it provides a new insight into the importance of six mediators—honesty, loyalty, benevolence, integrity, fairness and responsiveness—in relation to public trust. These mediators have been regarded as part of accountability; thus, their significance is generalised within the paradigm of accountability. These mediator variables possess strength of their own when related to public trust. Further details will be discussed in the findings and the discussion of the results in Chapter 6.

1.7 Structure of the Thesis

This thesis is organised in six chapters. Chapter One introduces the background of the study, the problem statement, the research question and research objectives, the scope of

research, and the significance of the study. Chapter Two describes public trust and local government services. The first section of that chapter discusses trust and accountability in the provision of government services by highlighting the provision of local government services. The chapter then continues to discuss the experience of Malaysian and other countries in the provision of services by the local government. Chapter Three provides a review of the related literature. It primarily discusses the theories of public trust, the conceptual framework of public trust and accountability, ethical accountability and gaps in the knowledge. Chapter Four focuses on the research framework and methodology of the present study, discussing the theoretical framework, hypotheses, research design, research methodology and goodness of measure. Chapter Five presents the research findings and offers an analysis of the findings. It consists of details and critical elaboration on the results of the investigation. The concluding chapter, Chapter Six, provides a discussion of the findings with suggestions for future research and policy implications.

CHAPTER 2: TRUST, ACCOUNTABILITY, AND LOCAL GOVERNMENT

SERVICE DELIVERY

2.1 Governance

The term *governance* has been interpreted differently according to its definition. The Commission of Global Governance (1995, p. 4) defines governance as:

the sum of many ways individuals and institutions, public and private, manage their common affairs. It is a continuing process through which conflicting or diverse interests may be accommodated and co-operative action taken. It includes formal institutions and regimes empowered to enforce compliance, as well as informal arrangements that people and institutions either have agreed to or perceive to be in their interest.

The most elaborate and widely accepted definition for the term *governance* is by the United Nations Development Programme (UNDP) (1999, p. 5), which defines governance as:

the exercise of political, economic and administrative authority in the management of the country's affairs at all levels. Governance comprises the complex mechanisms, processes and institutions through which citizens and groups articulate their interests, mediate their differences.

That latter definition addresses four key features of governance: interactions, conflict management, cooperation and exercise of control. The process of governance involves all actors in the country. These actors comprise the government, citizens, private institutions and civil associations. The concern of government is how to manage, accommodate and reconcile the diverse interests of all interested parties. To enforce control and compliance, the government has to exercise authority in every sphere of politics, economy and administration.

The New Public Management (NPM) acknowledges that the central idea of reform is to emphasise the role of governance, which is to 'steer not row' (Peters, 2010).

Peters (2010) elaborated that government institutions are identified as being better in policy making than in policy implementation. In other words, the responsibility of government is to monitor and ensure that public goods and services are delivered to the public (Rosenbloom et al., 2009). In this sense, government administration can collaborate with third parties to deliver goods and services through the use of contract and joint ventures (Rosenbloom et al., 2009; Peters, 2010). The process of 'steering' or giving instructions requires capability, authority and power to control and receive compliance from each party concerned in the country. The reason is that it is the government's priority to ensure that the public receives goods and services at minimal cost or without charge (Bouckaert & de Walle, 2003).

UNDP (2011) has acknowledged that the demand for good governance is crucial in enhancing citizen participation and government awareness of social responsibility. Social responsibility and good governance are widely used terms, reflecting the association of people with activities carried out for the good of society.

Additionally, UNDP (1997, 12) describes good governance as:

participatory, transparent, and accountable. It is also effective and equitable, and it promotes the rule of law. Good governance ensures that social, political and economic priorities are based on broad consensus in the society and the voices of the poorest and the most vulnerable are heard in decision-making over the allocation of the development of resources.

The main indicator of good governance is on the quality of governance, which is articulated through the elements and principles identified for good governance (Abdellatif, 2003). The United Nations Commission of Human Rights (UNHCR, 2007) has stated that the true test of good governance is on the degree to which it delivers on the promise of human rights. The key question posed by the UNHCR is whether governing institutions can guarantee the provision of basic rights, such as the rights to

health, adequate housing, sufficient food, quality education, fair justice and personal security (Abdellatif, 2003).

The narrative description of good governance has made the term a broad concept and complex in identifying good behaviour in managing government. The UNDP (1997) lists nine characteristics of good governance: participation, rule of law, transparency, responsiveness, consensus orientation, equity, effectiveness and efficiency, accountability and strategic vision. The principle of good governance is 'value laden', which means it contains 'moral and ethical' criteria; thus, with relentless practice and aims to achieve good governance, the public can trust the government as a provider and coordinator of basic rights (Bouckaert & de Walle, 2003).

2.1.1 Participation

UNDP (1997, 14) describes public participation as follows:

All men and women should have a voice in decision-making, either directly or through legitimate intermediate institutions that represent their interest. Such broad participation is built upon freedom of association and speech, as well as capacities to participate constructively.

Public participation in government machinery is done either at the political (Christensen & Laegreid, 2005; Wang & Wart, 2007) or the operational level (Wang & Wart, 2007; Rosenbloom et al., 2009). At the political level, public participation occurs during an election period in which the public can elect their representative (Christensen & Laegreid, 2005; Wang & Wart, 2007). In spite of this, the involvement of the public during elections is not encouraging, and low voter turn-out is a problem in many democratic countries. Studies have shown that people who participate at the political level are more willing to trust the government than those who are 'disengaged' or not involved during elections (Christensen & Laegreid, 2005).

Wang and Wart (2007, p. 268) define administrative participation as ‘direct or indirect public involvement in articulation or evaluation of administrative objectives, service levels, administrative guidelines, and overall results’. This definition denotes that the public has the right to be involved in the process of decision making by the government. In this sense, public participation requires individual or collective involvement in government decisions under the perception that the public must at least know the process and be able to contribute constructively to government administration (Wang & Wart, 2007).

2.1.2 Rule of Law

The second principle for good governance is the rule of law, which is defined by UNDP (1997, 14) as follows: ‘Legal framework should be fair and enforce impartially, particularly the laws on human rights.’ Public service is governed by certain organisational controls embedded in written rules and procedures. Consequently, good governance requires public servants not to be too rigid and impersonal with the public. Ryzin (2009) stressed that a public servant as an agent should have confidence and flexibility, and that he or she also must abide to the rules of society. Violation of society’s rules, especially individual rights, will subject one to civil suit or defamation by the media (Rosenbloom et al., 2009).

2.1.3 Transparency

Transparency, according to the UNDP (1997, p. 14), occurs when ‘the free flow of information, processes, and institutions and information are directly accessible to those concerned with them, and enough information is provided to understand and monitor them’ (UNDP, 1997, p. 14). Transparency has also been defined as ‘the availability of information by an organization or actor allowing external actors to monitor the internal

workings or performance of that organization' (Grimmelikhuijsen, 2011, p. 38). The exercise of transparency in government organisation allows the interested parties to scrutinise the performance and urge government to execute policy carefully to improve the performance (Feldheim & Wang, 2004; Grimmelikhuijsen, 2009). Transparency has also been interpreted in terms of public access to documents, records and performance of government organisations. This can be explained in terms of public interaction with the government servants (Feldheim & Wang, 2004). The willingness to render information will increase trust and prove that government organisations are prepared to be responsible for any ambiguity found in the documents or information shared with the public (Grimmelikhuijsen, 2009).

2.1.4 Responsiveness

Responsiveness is defined as 'the prompt acquiescence by an organization to the popular demands for policy change' (Starlin, 2011, p. 162). In some cases, it can mean that the government takes the initiative in the proposal of solutions for problems (Starlin, 2011). In other words, responsiveness refers to the readiness of government to find 'corrective measures' and attentiveness to public demand (Wang & Wart, 2007; Starlin, 2011). Responsiveness is also portrayed when the government is concerned about public needs and attempts to satisfy all stakeholders (UNDP, 1997).

2.1.5 Consensus Orientation

Consensus orientation is an administrative behaviour whereby a public organisation reaches a decision that balances the claims of the interested parties (UNDP, 1997; Wang & Wart, 2007; Starlin, 2011). UNDP (1997) clarifies that, to practice good governance, a government will try to reconcile conflicting interests between groups in a community

with government administration. In making decisions, the concern on public interest becomes a guide and priority for a government (Wang & Wart, 2007; Starlin, 2011).

2.1.6 Equity

Equity is described as the equal distribution of benefits to the public (UNDP, 1997; Ryzin, 2009). Correct information received by a government administration is crucial in achieving impartiality in receiving benefits from the services and goods distributed to the public (Yang & Holzer, 2006). The UNDP (1997) has declared that governments must be aware of the needs of the society at large and must provide a platform for all individuals and groups in a society to improve and maintain their social well-being. Hence, the exclusion of any individual or group from receiving benefits may result in disappointment and anger towards the government.

2.1.7 Effectiveness and Efficiency

Effectiveness and efficiency are defined as follows: 'Processes and institutions produce results that meet needs while making the best use of resources' (UNDP, 1997, p. 15). The New Public Management (NPM) move towards a businesslike approach in administration was to ensure that government administrations become more efficient and effective administrations (Rosenbloom et al., 2009; Peters, 2010). Rosenbloom et al. (2009) suggested that, in order to become effective and efficient in management, some key terms in the market sector will become a 'standard language' of public organisation. These key terms include 'results oriented', 'customer focused', 'employee empowerment', 'entrepreneurship' and 'outsourcing' (Rosenbloom, 2009, p. 22).

2.1.8 Accountability

Accountability is defined by the UNDP (1997) as follows:

Decision-makers in the government, the private sector and civil organizations are accountable to the public, as well as to institutional stakeholders. This accountability differs depending on organisations and whether the decision is internal or external to an organization (UNDP, 1997, 15).

Accountability reflects or symbolises good governance (Bovens, 2005). In a government organisation, public servants are accountable to the citizens and they have to justify their conduct and be responsible for their actions in administration (Bovens, 2005; Schillemans, 2008).

2.1.9 Strategic Vision

Strategic vision of public organisation refers mostly to managerial leadership. To achieve good governance, leaders have...

a broad and long term perspective on good governance and human development, along with a sense of what is needed for such development. There is also an understanding on the historical, cultural and social complexities in which that perspective is grounded (UNDP, 1997, 15).

For effective and efficient management, leaders or managers must have visionary goals and strategies to achieve administrative objectives. A strategic vision needs to be translated into action, and administrative leaders have every opportunity to do so where they can provide avenues to achieve the vision (Vigoda-gadot et al., 2010).

Trust is crucial in achieving the principles of strategic vision. Good governance requires support from the public, which cannot be achieved in the absence of public trust. The element is a two-way linkage between the public and government (Ruscio, 1996; Kim, 2005; Heintzman & Marson, 2005; Wang & Wart, 2007; Fard & Rostamy, 2007). Measurement of performance is important in determining good governance (Bouckaert & de Walle, 2003), and the good performance of government in the country is crucial in gaining public trust. The government needs to prove that it can deliver the

promise and act according to public interest (Kim, 2005; Wang & Wart, 2007). 'Citizen receptivity', as Ruscio (1996) pointed out, will drive the working spirit of the government officials.

Performance is one of the accepted measures for good governance to achieve public trust (Bouckaert & de Walle, 2003; Kim, 2005; Yang & Holzer, 2006). However, the stress on quality performance without focusing on accountability for good governance will be short-lived. In this sense, accountability is practiced when the government justifies its conduct or behaviour to the relevant parties concerned (Bovens, 2005; Schillemans, 2008). The act of justifying behaviour and readiness to face consequences is compulsory in achieving good governance, and this will foster public trust (Bovens, 2005).

2.2 Public Service Motivation

New Public Management (NPM) has managed to drive the concept of public service from the rigid rule of traditional bureaucracy. However, recent trends of economic recession and political upheaval have led to the loss of public trust towards government services. Many governments are seeking to reform their public service, reducing cost and increasing efficiency and effectiveness in the delivery of services. However, the question may arise: what motivates public service towards such reform?

Questions that arise also include: Is public service motivation only for public services? Do other businesses also need motivation? Can we treat public service like any other business, or is public service different? Is it important to retain a public service ethos founded on core characteristics including partisan neutrality, anonymity and accountability to and through ministers, or do such features impinge on good

management? How can employees in public services best be retained (Perry, 1996; PSM, 2013)?

Public service motivations are unique and applied only towards public employees. Several conceptualizations on public service motivation have focused the explanation on individual predisposition, and also in terms of institutional and ethical factors, in shaping public service motivation (Bozeman & Su, 2015). Public service motivation has also been conceptualized with a variety of interrelated components such as the belief, values and attitudes that go beyond self-interest and organisational interest (PSM, 2013). However, the formal and explicit definition of public service motivation is provided by Perry and Wise (1990), who expressed it as 'an individual's predisposition to respond to motives grounded primarily or uniquely in public institutions and organizations'. Motivation describes a reason or reasons for acting or behaving in a particular way. Typically, a desire and willingness or enthusiasm is implied (PSM, 2013).

Public service motivation is related to exactly what it implies: motivation to serve the public. According to Perry and Wise (1990), public service motivation requires motives that are primarily and uniquely directed towards public service. These motives come in three forms: rational, norm-based and affective (Perry, 1996). Rational motive is explained as the opportunity to participate in the formulation of public policy. Norm-based motive is the commitment of public service to the public interest (Perry, 1996). Thus, it can be concluded that a norm as an intrinsic motive is integral to public service motivation (PSM, 2013).

Public service motivation is unique and applicable primarily to public service because public employees' values are focused more on the opportunity to perform in

public service. The motivation to serve the public is more likely due to intrinsic aspects of work than extrinsic aspects (Bozeman & Su, 2015).

According to Park and Kim (2015) the relationship between public service motivation and accountability are more pronounced when public servants were exposed to unstable and ambiguous organisational environments. Accountability here means a norm-based accountability in which public servants were being measured by their ethical conducts when serving the people. Thus, it is in line with the intrinsic aspects of work than been mentioned by Bozeman and Su (2015). They act out of common good, rather than mere self-interest. Can public service motivation increase public trust? According to Chen et al. (2013), public service motivation is not static. It depends on the interaction between public servants and the citizen or stakeholders. In fostering public service motivation it is a need to enhance trust environment among colleagues and also among citizen. However, workplace trust need to be achieved first in orders to actualise public service motivation. Thus, the relationship between public managers and public servants are important to achieve this objective and eventually increase public trust (Houston, 2006; Chen et al., 2013).

What motivate public employees to become civil servants? How can they be kept loyal to public service? These are the questions that impinge on public service motivation, which is not profit-based. One reason for organisation loyalty is the motivation of the public employees in giving and delivering services to the public and foreseeing the continuity of public service. In addition, community loyalty in dealing with public service also can be a motivation to the public employees in continuing to serve the public.

2.2.1 Public Service Motivation: Organisational and Community Loyalty

Loyalty is the expression of being faithful and willing to sacrifice. Bovens (1998) distinguishes five aspects of bureaucratic loyalty: (1) personal conception, that is, emphasis on the beliefs and personal values of the administrator; (2) social conception, which is when loyalty lies with colleagues, friends, clients, family, subordinates and acquaintances; (3) professional conception, that is, loyalty that is driven by a profession and its professional rules; (4) external moral considerations, which means considering outside influences such as groupthink and peer pressure; and (5) civic, that is, loyalty to fellow citizens.

Public service loyalty has not been studied thoroughly. Most of the studies centre around loyalty towards ministers or governments in power. Tholen and Mastenbroek (2009) found that the Dutch civil servants have varied conceptions regarding their roles in an organisation. Most of them saw themselves as loyal advocates serving in advisory roles in an organisation. On the other hand, public service loyalty to fellow citizens implies that, in appealing to general public interests, such as preserving the rule of law or preventing large-scale waste of resources, public employees are allowed to disobey political leaders. This is a strong force in the conception of loyalty (Bovens, 1998).

A classic conception of loyalty in civil service envisioned by Max Weber is that loyalty is neutral, predictable and has unquestioned obedience to the higher authorities (Graafl, 2010). Weber's portrayed description has been questioned both normatively and empirically. Uncritical loyalty to officials is dangerous and can lead to morally disastrous conduct. In this sense, strict loyalty may not always lead to efficient and effective administration. To affectively address societal problems, administrators often have to bend rules and instructions. These necessities are linked to the complexities and

contextual demands of everyday work. Rationality demands flexible organisations with members who are not given strict instructions but have some discretion in how they perform their tasks. Greater discretion does not mean that the wishes of superiors and politicians should no longer guide public servants' actions. Being loyal is not synonymous with strict following instructions (Tholen & Mastebroek, 2009). In addition, Wagner (2011) asserted that the motivation for public service loyalty is organisational rewards for loyal employees. Government rewards are not contractable, and the sustainability of the rewards is needed by repeated interaction.

There should exist checks and balances in implementing duties; that is, the civil servants can decline orders that exceed formal powers, and civil servants do not contribute to actions that undermine existing system and accountability. By being loyal to their organisation, by being impartial, by competing with and acting against others, government officials serve the common interest and are more accountable towards citizen (Tholen & Mastebroek, 2009). Studies also found that civil servants have become more involved with the public than just merely executing policy in the sense that the interaction between public servants and the citizen are more than surface (Tholen & Mastebroek, 2009; Graafl, 2010). Continuous interaction lead to a sense of belongingness, compassion and loyalty, and it is not just overnight occurrence.

2.3 Trust and Accountability in Provision of Government Services

Representative democracy is formed under the pretext of serving people at large and with the assumption that the public needs to be served by the government machinery (Bok, 1992; Johnston, 1993; de Walle et al., 2008). Thus, the thrust of the government is to fulfil the public interest. As a core duty of government, the machinery of public agencies is administered by the bureaucrats and civil servants. Max Weber's original description of bureaucracy as 'the ideal model for governmental agencies' (Johnston,

1993) has been distorted in so many ways that the public relates the term *bureaucracy* with a negative slant and associates it with low service performance and accountability (Bok, 1992; Johnston, 1993).

The negative references to Weber's idea on bureaucracy were further reinforced through several descriptive elaborations and studies on public sector administration (Rosenbloom et al., 2009; Starlin, 2011). As explained by Starlin (2011), the main features of bureaucracy consist of hierarchy, division of labour, rules and regulations, and impersonality, which serve as the evidences of bureaucratic weaknesses whereby it hinders 'innovation' and the 'spread of knowledge'. Accordingly, the bureaucrat's main intention is to follow orders and not to inject new ideas and inventions (Starlin, 2011). Weber's classification of bureaucracy has been criticised as limited and not taking the real phenomena and cultural differences among societies into account (Rosenbloom et al., 2009).

Another justification for emphasising the defects of bureaucracy is in terms of service delivery. Service delivery is characterised by a 'linear' and 'hierarchical' relationship among the public service, political authority and the citizen at large (Peters, 2010). The first aspect of this 'linear and hierarchical' association is between public service and political authority (Gauque, 2003; Peters, 2010), in which the decisions in the provision of services are in the hand of the ministries (Peters, 2010). In this sense, it is a top-down and linear approach to connection with very minimal interaction between the ministries and public servants (Starlin, 2011).

The second aspect is the relationship between public service and citizen, which is described as hierarchical in nature (Gauque, 2003; Peters, 2010). The public is isolated from any involvement in service delivery, particularly regarding the decisions on types of services needed to be delivered and on the implementation of the services

(Gauque, 2003; Peters, 2010). The public is only involved during the election in choosing the political representatives, and thus the role of the public is seen as no longer relevant after the election is completed (Gauque, 2003; Peters, 2010). The exclusion of the public from the decision-making and policy implementation process implies the assumption that the public lacks knowledge of the country's administration and that it is better left to the knowledgeable and elected representatives (Vigoda-gadot et al., 2010; Peters, 2010). In this kind of relationship, the accountability of public service is easily monitored and implemented (Peters, 2010). On the other hand, Gauque (2003) commented that the relationship between the three entities of public service, political authority and the citizen will be complicated with the changing nature of the modern-day administration, and thus the 'linear and hierarchical' description of the relationship cannot explain the complexity of the service delivery.

The New Public Management (NPM) reform was introduced with the aim of ending the rigid hierarchical nature of bureaucracy (Schofield, 2001; Gauque, 2003; Peters, 2010; Vigoda-gadot et al., 2010). The focus of NPM can be categorised into several aspects including reduction of political control (Peters, 2010), improvement of service delivery (Schofield, 2001; Gauque, 2003; Peters, 2010; Vigoda-gadot et al., 2010) and performance assessment (Gauque, 2003, Starlin, 2011).

The first focus of NPM is to minimise political control in administration (Peters, 2010). Peters (2010) further elaborates that this can be realised through contracting, partnership and voluntary agreements with the private sector to deliver services. Another effort is through delegation of duty, which can be actualised by the establishment of agencies that serve as 'autonomous or quasi-autonomous' organisations (Pollitt & Talbot, 2004). Contracting and delegation can in a way minimise the control of political authority towards the public organisation.

Improvement of service delivery is another aspect of the reform under the NPM. In this sense, efficiency, effectiveness and transparency are the utmost aims in service delivery (Schofield, 2001; Gauque, 2003; Rosenbloom et al., 2009; Peters, 2010; Vigoda-gadot et al., 2010). The NPM adopts a market-like strategy in the pursuit of achieving effectiveness and efficiency (Schofield, 2001; Gauque, 2003; Rosenbloom et al., 2009) in which public organisations regard citizens as customers or clients (Gauque, 2003; Rosenbloom et al., 2009). Rosenbloom et al. (2009) stated that satisfaction of customers is the primary focus in service delivery, and this can be achieved by satisfying customers' demands through service and technical efficiency. Service and technical competence can be achieved in service delivery when the employees are empowered to make decisions in response to customers' needs (Schofield, 2001; Rosenbloom et al., 2009).

The last aspect discussed is in terms of performance assessment of public servants (Gauque, 2003; Starlin, 2011). As Gauque (2003) emphasised, in order to control public organisation and maintain the quality of performance, the performance of employers and employees should be continuously assessed. He further elaborated that the performance appraisal can be done either collectively or individually.

It was hoped that the introduction of New Public Management (NPM) would restore the bureaucratic image and pose a new outlook on the understanding of bureaucracy (Schofield, 2001; Gauque, 2003; Peters, 2010; Stazyk & Goerdel, 2010; Vigoda-gadot et al., 2010). On one hand, Weber (cited by Stazyk & Goerdel, 2010, p. 646) acknowledged that the structure and hierarchical nature of bureaucracy can be 'dehumanizing'; yet, it is also interesting to note that bureaucratic behaviours still persist and can further be utilised to strengthen the administrative structure of public organisations (Schofield, 2001).

The existence of bureaucracy is inescapable in democratic governance, and it owes its survival to the prevalence of democracy (Schofield, 2001; Peters, 2010; Vigoda-gadot et al., 2010). In a literal sense, democracy and bureaucracy stand in contradiction towards each other (Peters, 2010; Vigoda-gadot et al., 2010). Democratic governance means that the representatives are elected by the public and hence their primary duty is to fulfil the public interest in any way possible. On the other hand, bureaucracy concerns the administration of public service in which the bureaucrats should be indifferent towards public needs and concentrate on achieving effectiveness in program implementation (Peters, 2010; Vigoda-gadot et al., 2010). Nevertheless, bureaucracy and democracy complement each other in the sense that the behaviours of political authorities need to be controlled during policy implementation (Peters, 2010). Controlling political authorities is necessary because they tend to be biased and selfish in distributing public goods and services. Democracy cannot endure without the help of bureaucrats in fulfilling citizens' wishes (Vigoda-gadot et al., 2010). Bureaucrats will serve as mediators between the democratic government and the public at large (Schofield, 2001). In order for democracy to be successful and persistent, it may require a 'well-functioning' bureaucracy (Peters, 2010).

The enduring existence of bureaucracy in a democratic governance is undeniable in achieving trust from the public (Gauque, 2003; Peters, 2010; Stazyk & Goerdel, 2010; Vigoda-gadot et al., 2010). It is important for good governance where street-level bureaucrats serve as mediators between government and the public (Peters, 2010). They are the field agents in delivering goods and services to the masses and they are also involved in direct interaction with the public. Peters (2010) justifies the importance of street-level bureaucrats by confirming that their existence will influence the government particularly in reaching out to 'the least, the last, and the lost' segment of population in a society. Along these lines, the performance of street-level bureaucrats in service

delivery can determine how the public perceives their government. In this respect, efficient service delivery will ensure public trust. It is also important to note that accountability relates to the public (Peters, 2010). The New Public Management approach in involving the public is an effort to promote accountability and responsibility of the public sector (Rosenbloom et al., 2009).

The union between bureaucracy and democracy should be everlasting to ensure efficient delivery of public service and thus foster public trust. Accordingly, bureaucratic efficiency is demonstrated through several indicators of innovation and creativity (Schofield, 2001; Gauque, 2003; Rosenbloom et al., 2009; Vigoda-gadot et al., 2010; Starlin, 2011), responsiveness, professionalism, quality leadership, vision, ethical behaviour (Rosenbloom et al., 2009; Taylor-gooby & Wallace, 2009; Vigoda-gadot et al., 2010, Starlin, 2011) and curtailment of internal politics (Vigoda-gadot et al., 2010).

In short, the success of the New Public Management (NPM) effort to reduce and control the growth of authoritarian bureaucracy and uplift it to a new facet has surfaced as a new paradigm for bureaucracy (Gauque, 2003). Along these lines, Gauque (2003) reminds readers of the dependency of NPM on market forces by emphasising the need to make a distinction from the private sector in some dimensions.

2.4 Trust and Accountability in Local Government Service Delivery

As a service delivery provider, the local government has faced several challenging issues and problems relating to service delivery (Fitzgerald & Durant, 1980; Glaser & Hildreth, 1999). If not dealt with effectively, the problems will trigger severe consequences to public trust. One of the challenges is to deliver effective and efficient service so as to satisfy the recipients' needs (Davison & Grievess, 1996; Glaser &

Hildreth, 1999; Robertson & Ball, 2002). Citizen satisfaction with service delivery depends on the quality of service delivered, whereby the notions of excellence in service and conformance with specifications were popular conceptions at the end of twentieth century (Davison & Grieves, 1996). The price setting of services also influences the progression of local governments in delivering services (Carnegie & Baxter, 2006). It is known that a local government receives most of its revenue from taxes and some contributions from the higher authority; this dependency limits the revenue to the local governments (Jones et al., 1978). As the sole provider of services within the locality and the protector of the people's welfare, residents or the public cannot avoid services given by the local government (Caillier, 2008). Therefore, it is difficult to ascertain or fix the pricing value for the services given to the public (Carnegie & Baxter, 2006).

Government performance in general is an integral part of a community's everyday life, and there is continuous pressure for the government to improve performance (Glaser & Hildreth, 1999). On the other hand, service delivery by local governments can be described as their approach to give a service product to their citizens/customers (Jones et al., 1978). Challenges faced by the local governments are continuous and have existed for a long time. The need for a reformed local government has been very much debated and researched within the English counties of the United Kingdom (Benton, 2002) and in other parts of the world (Mitchinson, 2003; Rüländ, 2012).

2.4.1 New Public Management and Forward

Research has shown that the changes from Weber's original idea of bureaucracy to New Public Management (NPM) have been a tremendous leap in public service transformation. However, Christensen (2012) stressed that the reform of public service from Weberian type to NPM, and then post-NPM, happened not to replace each other.

Instead, it involves a layering process or sedimentation. Although the system faced new reforms, public service still retains some traditional elements, and they continue to exist alongside the newly introduced reform. As such Miller (1994) expounded that hierarchy has put into effect the intentions of innumerable statutory laws. The bureaucratic model also contains a logic that makes it compatible with accountability to those who set policy.

According to Benton and Craib (cited by Ventriss, 2005, p. 555), the post-modern condition is due to the rapid growth of information. It is the relationship between information and power and how these forces are reshaping the present human condition. 'Maneuvering on behalf of the public interest in this complex politically subtle network is the task of post-progressive public administrative' (Miller, 1994, 378).

The post-NPM reform arises due to a need for transferring authority from the central-administrative level to regulatory agencies, service agencies or state-owned companies (Christensen, 2012). The reform has come also because of the 'fear factor' perception that the world has becoming insecure and dangerous from the fear of terrorism, natural disasters, diseases and such (Hammond, 2007; Christensen, 2012). This has led to a government effort in tightening up government by having compatible structures and shared information between agencies (Hammond, 2007). Among the main features of post-NPM reform are the focus on horizontal integration and coordination, efforts to strengthen central capacity and control and a restoration of hierarchy (Christensen, 2012).

The question can be asked here is that does post NPM really can minimise political control in government agencies and restore public confidence through the practice of accountability and achieve public trust? Thus, in post NPM, how public servants can ensure the exercise of accountability? How can government secure public trust?

Referring to the inner workings of government, Miller (1994) expounded that the interaction within the policy network is the way to solve the issue in government agencies. Administrators interact with and are interdependent with many other actors in political and social environments. Policy network is an arena for the process of arguments, a venue for expression of environmental value, the process of listening, speaking and as such that may change views, adjust expectation and may create new capacities for action. The interaction process in policy network may change how government works and can increase the quality of services and thus, may eventually increase public trust.

2.4.2 Decentralisation and Local Autonomy

Decentralisation of local government is one part of the reform initiatives implemented in most parts of the world and is the most popular policy reform in the twenty-first century (Ghosh & Kamath, 2012). The attempt to transfer responsibility from the higher tier of government to the lower tier has been done by more than seventy-five countries around the world for the last quarter century (Ahmad et al., 2005). This reform initiative also serves to enhance accountability and enforce a greater level of autonomy at the local level (Haque, 2008). In other words, decentralisation establishes a new relationship of accountability amid national and local policy makers and between citizens and elected representatives (Ahmad et al., 2005). Authority and responsibility are devolved, and resources and services are transferred to various levels of local governance (Haque, 2008).

The general conception of decentralisation is understood as the transfer of administrative and financial powers from the central government to the subnational

government.⁶ Decentralisation can also be described as the shifting of implementation to the local authorities whereby the local authorities have more power to handle activities and decision making (Mitchinson, 2003). In this sense, transmission of decision-making power is the important part of decentralisation; it is an expression of democracy where the power for making decisions is not concentrated into one unit, one segment or one group of individuals (Zaharia, 2009).

In addition, territorial or political decentralisation has been described as the recognition of autonomy at the local administrative unit designated by a local community, thus recognising the presence of local representatives chosen through the local election (Schneider, 2003). Local autonomy means sufficient freedom for self-administration; it is governed according to its own rule, and the local councils have the right to manage the affairs of their local community (Zaharia, 2009).

Yet, it is important to acknowledge that decentralisation is not an alternative to centralisation in which both central and subnational governments complement each other (UNDP, 1999). Introducing a locally elected government will narrow the jurisdiction served by government and tamper with the scope of public activities at the local level. In this way, it is easier for citizens to hold government accountable (Ahmad et al., 2005; Faguet, 2011). Additionally, there are different reasons for countries to move towards decentralisation. Decentralisation occurred due to political and economic transformations in Eastern Europe and the former Soviet Union. The purposes were to reinforce the transition to democracy in Latin America; as a response to ethnic or regional conflicts, as happened in South Africa, Sri Lanka and Indonesia; and to improve service delivery in Chile, Uganda and Cote d'Ivoire (Ahmad et al., 2005).

⁶ There are several definitions of decentralisation as described by Treisman (2002), who produced six conceptions which cover all aspect of dencentralisation, from administrative, decision-making and financial to personnel. On the other hand, the UNDP's (1999) definitionof decentralization touches on the restructuring of authority and the means to achieve decentralization.

In this sense, positioned at the lowest tier, local government holds minimum power as compared to the national and regional or constituent units. Therefore, decentralisation authorises an active role for local government as the key implementer of service delivery, thus leads to better service delivery (Aslam & Yilmaz, 2011; Rüländ, 2012). The implementation of decentralisation is claimed to have positive impact on service provision, better accountability of public officials, more public engagement in government activity and long-term cost savings (Aslam & Yilmaz, 2011; Ghosh & Kamath, 2012). However, research has found that empirical evidence on the end-result of decentralisation is not definite, particularly in South Asia and South East Asian countries (Aslam & Yilmaz, 2011; Ghosh & Kamath, 2012).

Service delivery by local government is a dynamic and ongoing process to give better service and satisfy the citizen cum consumer of services. Local governments are willing to experiment with the choice of services available for them (Warner & Hefetz, 2004). Many forms of alternative service delivery are available, such as intergovernmental contracting, cooperation, outsourcing, franchise, subsidies and volunteers (Savas, 1977; Levine & Fisher, 1984; Boyne, 1998; Warner & Hefetz, 2004; Bel et al., 2012). Alternative service delivery by the public sector, especially local government, is very important in order to gain public trust due to the negative perception of the public towards civil servants (Levine & Fisher, 1984). In line with this, local governments need to be proactive in searching for ways to reduce costs and give efficient services to the public. Privatisation or outsourcing is one of the alternatives widely applied by local governments in the 1980s in order to reduce cost (Bel et al., 2012). However, the empirical results of outsourcing or privatisation of service appear to be unsatisfactory (Warner & Hefetz, 2004; Bel et al., 2012). Moreover, local governments need to cover a number of transaction costs due to privatisation, such as the administrative cost of the contracting process, the cost of

monitoring the services under private production and costs incurred from incomplete contracts (Bel et al., 2012). As such, other alternative service deliveries are sought and local governments resort to a cheaper method such as through cooperation or joint venture with another municipality in service provision (Levine & Fisher, 1984; Warner & Hefetz, 2004; Bel et al., 2012).

2.5 Decentralisation at Local Government: Experience from Selected Countries

This segment will provide description of local government in some prominent countries that have a history of resilient efforts to search for methods of building public trust and achieving accountability through decentralisation of local government. The local governments in the United States of America were the most decentralised, complex, yet dynamic institution, whereas the English local governments experienced dramatic innovation and changes under several premierships. The diversity in nature of the local governments in Australia gave those units of governance a unique character and identity. On the other hand, the Korean practice of local governance faced several challenges and the move towards local autonomy was to reduce central government controls on subnational government. Contrary to the experience of other countries, Malaysia has had a unique experience in challenging the autonomy of its local governments. This segment touches the experience of these countries on decentralisation and local autonomy, especially in service delivery as a main function of local government in order to improve accountability and trust garnered from the public.

Public dissatisfaction towards the performance of government has given rise to a reform program in administration and governance termed New Public Management. The introduction of NPM was crucial in dissipating the public outrage and distrust towards the administration of government. Governments in Australia, the United Kingdom and the United States of America along with other governments adopted this

new approach in the early 1980s. Surveys and opinion polls have conformed to the idea that the public wants improvement in a way the government serves its citizens (Rondinelli, 2006). Through enhanced, public-oriented service delivery, trust can be achieved and public satisfaction will grow.

Decentralisation is the term describing the changing relationship between the state and society. Political and administrative decentralisation in Europe and North America in the 1970s reflected pressure for a wider range of participation and was seen as part of a healthy democratic practice (Bae, 2009; Hermans, 2009).

Since the focus of this thesis is to investigate accountability and public trust in Malaysian local authority, these four countries—the U.S, the U.K, Australia and South Korea—have been chosen because their local government management and structures are quite similar to those of Malaysia's local governments. Two reasons justifies the selection namely; (1) The urge on more accountable government led countries around the world to resort for decentralisation concept either politically or administratively. These four countries were chosen because of their experiences in decentralisation. United States of America and United Kingdom experienced a successful decentralisation practice, whereas, Australia recently stress on accountability but still the problem persist. On the other hand, South Korea has mixed result in decentralisation practices. (2) Focused by these government such as United Kingdom (The Best Value Practice), United States of America (Sunshine Law and Sunset Law), Australia (effort on accountable government) and South Korea (political decentralisation) can become a good example by countries that want to increase accountability and gain public trust such as Malaysia.

2.5.1 Local Government in the United States of America

The United States of America (U.S.) has the most complex yet decentralised system of local government. The country also practices the most systematic and developed structure of local government on the globe (Katz, 2003; United Nations, 2006; Rosenbaum, 2013). Several reasons contribute to the formation of such unique structure and management of America's local government (Katz, 2003; Rosenbaum, 2013). Rosenbaum (2013) explained that, from a historical perspective, the U.S. was formed from thirteen different colonies with different economies and priorities. These colonies, however, never trusted one another, and the solution for unity was to have a decentralised system of government in order to develop the local economy.

Currently, there are fifty states, one district, and many smaller units which comprise the local governments in America (Katz, 2003; Saffel & Basehart, 2005; United Nations, 2006; Rosenbaum, 2013). A total of 85,000 local governments have been formed either through permission by the state or by initiative of local residents to carry on general and specific functions (U.S. Advisory Commission on Intergovernmental Relations, 1993; Rosenbaum, 2013). From the 500,000 elected officials in America, a majority (more than 90%) are local government officials (The Bureau of International Information Programs, 2004).

The local governments were legally formed by the states (U.S. Advisory Commission on Intergovernmental Relations, 1993; Holcombe & Lacombe, 2001; Katz, 2003; The Bureau of International Information Programs, 2004; Rosenbaum, 2013). In fact, the constitution of United States did not make any reference to the creation of sub-units of government (U.S. Advisory Commission on Intergovernmental Relations, 1993). In this case the local government creation was subject to the consideration and legal environment by the state constitutions and statutes (U.S. Advisory Commission on

Intergovernmental Relations, 1993; Holcombe & Lacombe, 2001; Katz, 2003; The Bureau of International Information Programs, 2004; Rosenbaum, 2013). Accordingly, the local governments have varied significantly in terms of methods and structure because, in many cases, the state constitution and laws govern the structures and duties of the local governments (U.S. Advisory Commission on Intergovernmental Relations, 1993).

(a) Types of local government

Table 2.1 shows the description of local governments in the U.S. There are five types of local government: county, cities, township, school district and special-purpose district (U.S. Advisory Commission on Intergovernmental Relations, 1993; The Bureau of International Information Programs, 2004). These governments are governed either by a popular elected body or by one designated by the state government (U.S. Advisory Commission on Intergovernmental Relations, 1993; The Bureau of International Information Programs, 2004; Saffel & Basehart, 2005; United Nations, 2006).

A county constitutes a primary unit of local government in America and serves as an administrative arm below the state government (U.S. Advisory Commission on Intergovernmental Relations, 1993; The Bureau of International Information Programs, 2004; Saffel & Basehart, 2005). County governments are also known by other names such as parishes and boroughs (Saffel & Basehart, 2005), and a county's population size differs vastly across states (U.S. Advisory Commission on Intergovernmental Relations, 1993; Saffel & Basehart, 2005).

In 2002, 80 counties had populations of more than 1 million, 696 counties had populations less than 10,000, and one county had a population of only 70 people (Saffel & Basehart, 2005). The function of a county varies, being in some instances the provider of government services, the provider of municipal-type services or the

administrative unit of various federal and state programs (U.S. Advisory Commission on Intergovernmental Relations, 1993; The Bureau of International Information Programs, 2004; Saffel & Basehart, 2005).

Table 2.1: The Five Types of U.S. Local Governments

	Counties	Cities / Municipalities	Town and Township	School District	Special District
Formation	Administrative arms of the state, and may act as local governments in their own right	Three types: The mayor-council, the commission, the city manager	Township: subdivision of a county Town: a combination of urban areas and the surrounding countryside	Independent school district and dependent public school	Created either directly by state legislature or by local action
Functions	General government service and municipal-type services	Public service Public safety, public transport and municipal services		Set education policy, oversees administration by a professional superintendent of schools	Mostly perform a single function such as sewer and water services fire district housing service and others.
Revenues		Property taxes, general and selective sales and gross receipt tax, individual and corporation income tax	Relies mostly on property taxes	Property tax revenue	Property taxes, service charges, grants, rental, reimbursement from government
Governed	Elected body (a board of supervisors or a board of commissioner)	Elected board or council	Township: elected trustees Town: Selectmen	Non-partisan elected board	By a board = elected or appointed by officials of the states, counties, municipalities or township

Source: Reorganised from U.S. Advisory Commission on Intergovernmental Relations (1993) and from The Bureau of International Information Programs (2004).

Cities or municipalities are chartered by states, and they provide services in addition to those services provided by counties and special districts (U.S. Advisory Commission on Intergovernmental Relations, 1993; United Nations, 2006). Large cities also provide more services such as assisted public housing, administration of social

welfare programs and public hospitals (The Bureau of International Information Programs, 2004). The three types of city government are the mayor-council government, the commission and the council-manager (U.S. Advisory Commission on Intergovernmental Relations, 1993; Saffel & Basehart, 2005; United Nations, 2006).

The mayor-council type is the municipality governed by elected officials who comprise a mayor and a city council (U.S. Advisory Commission on Intergovernmental Relations, 1993; The Bureau of International Information Programs, 2004; Saffel & Basehart, 2005). Saffel and Basehart (2005) pointed out that council participation depends on whether there is a strong- or a weak-mayor system in decision making. In a strong-mayor system, the council members only serve as a part-time responsibility and the mayor, who is elected by the people, acts as the chief executive who controls the decision making (The Bureau of International Information Programs, 2004; Saffel & Basehart, 2005). On the other hand, a weak-mayor system gives few powers the executive and more formal authority to the council (Saffel & Basehart, 2005). In the council-manager system, professional city managers are hired by the council to run the daily operations of the city. The managers, who are elected by the city, usually come from a nonpartisan affiliation (U.S. Advisory Commission on Intergovernmental Relations, 1993; The Bureau of International Information Programs, 2004). The commission types of government consist of nonpartisan elected commissions and are used by less than 5% of municipalities (U.S. Advisory Commission on Intergovernmental Relations, 1993).

A township government is a subdivision of a county. It exists in many states, whereas a town government is a combination of urban and surrounding areas (Saffel & Basehart, 2005). A town government is supervised by 'selectmen' or part-time officials, and a township government is similar to municipalities; it is located next to cities and

utilises a municipal form of government, and a township's powers can grow as population increases (U.S. Advisory Commission on Intergovernmental Relations, 1993; Saffel & Basehart, 2005).

(b) Modernisation and reform in local government service delivery

The characters of the U.S local government vary greatly in size, population and economy, which leads to several challenges in political, social and fiscal capabilities (Katz, 2003). There is also a 'home-rule' privilege given to local authorities to give them more flexibility (U.S. Advisory Commission on Intergovernmental Relations, 1993; Katz, 2003). The 'home rule' provision authorised by the state governments is a special requirement that enables the local governments to choose their own types of government and flexibility in performing their duties (U.S. Advisory Commission on Intergovernmental Relations, 1993; Katz, 2003; Saffel & Basehart, 2005).

Service delivery innovation is a continuous effort by state and local governments in the U.S. The accountability of local government officers in delivering their duties is always scrutinised and checked. The 'home-rule' provision provides flexibility for local governments to meet the challenges of accountability. To avoid favouritism and increase accountability, some smaller cities have hired professional city managers to run the daily operations of the local government (Katz, 2003). Such measure has increased accountability, public reliance and trust towards the local government.

Fiscal challenges in local government can also affect accountability and public trust. The substantial increase of local government expenditure, which rose faster than the expenditures of federal and state governments, required the local governments to be innovative, particularly by adopting a business-like practice (Holcombe & Lacombe, 2001; Katz, 2003). In order to be more representative, more trustworthy and more accessible to the public, the 'sunshine law' and the 'sunset law' were introduced.

‘Sunshine law’ is translated as openness and transparency in public officials’ meeting and transactions. The ‘sunset laws’ provide that, upon the expiration of any regulation or law, renewal of the law or regulation must be discussed during public meetings (Katz, 2003). The idea of innovation and modernisation of local government is needed in order to make local governments accountable in any of their actions.

2.5.2 The English Local Government

The United Kingdom of Great Britain consists of England, Scotland, Wales and Northern Ireland. Each country of the United Kingdom has a geographical demarcation with its own system of administration. The local government in England is the most complex compared to those in Scotland, Wales and Northern Ireland. In Scotland, the local government is divided into thirty-two council areas; in Wales, twenty-two unitary authorities; and in Northern Ireland, thirty-seven district councils.⁷

2.5.2.1 Modernisation of Local Government

The idea to modernise the local government in the United Kingdom has been thought about both by the Conservative and Labour governments. The common conception on British local government was that the operation was outdated and not people-oriented (Hambleton & Sweeting, 2004). The public complaint that local government is inefficient and unaccountable has led to public distrust and tarnished the image of local government (Demirkaya, 2006). In this case, the modernisation of local government is needed to bring the local governments closer to the public and to involve the community in the action of local government (Demirkaya, 2006; Rao, 2006).

⁷ <http://www.clgf.org.uk> (Retrieved on 10/01/2014).

(a) Conservative government

History has shown that conservative leaders such as Sir Winston Churchill, Edward Heath, Margaret Thatcher and John Major initiated several pragmatic approaches in tackling issues within the public sector, some in response to political and economic crises (Hambleton & Sweeting, 2004; Demirkaya, 2006). These ideas, however, never came into full effect and some were disregarded by ministers and policy makers. One of the suggestions concerned the directly elected mayors during the premiership of John Major in order to enhance accountability (Hambleton & Sweeting, 2004).

This implies that the most radical reform of local government was during the governance of Margaret Thatcher as the prime minister from 1979 to 1999 (Mc Adam & O'Neill, 2002; Lodge & Muir, 2011; Hambleton & Sweeting, 2004; Demirkaya, 2006). During her years she applied techniques from the private sector in the public sector in order to reduce cost and enhance efficiency (Mc Adam & O'Neill, 2002; Demirkaya, 2006).

The most controversial approach during Thatcher's era was the introduction of Compulsory Competitive Tendering (CCT). Thatcher's radical implementation of policies to the public sector included the privatisation of industries, reduction of spending on some important government program, and changes in local government service delivery systems where local authorities are required to contract out services through mechanisms of competitive tendering (Harris, 2005; Demirkaya, 2006). These new measures baffled the public sector and brought the confrontation between the central and local governments to a climax. The reformation done by the Thatcher government was not meant to increase public trust and accountability of the local government; instead, the purpose was more towards cost-effectiveness and productivity (Demirkaya, 2006).

(b) Labour government

The more aggressive and pragmatic approach to modernisation in local government came during the rule of New Labour led by Tony Blair in late 1990s (Mc Adam & O'Neill, 2002; Lodge & Muir, 2011; Hambleton & Sweeting, 2004; Harris, 2005; Demirkaya, 2006; Game, 2006; Rao, 2006; Chandler, 2008). The New Labour Government, which gained power in 1997, set an insightful and thoughtful idea to comprehensively reform the management of local governments (Rao, 2006). The modernisation in local government management targeted the leaders of the local government, and the stress was placed on the workings and performance of the local government to be on equal grounds (Hambleton & Sweeting, 2004; Demirkaya, 2006; Rao, 2006). The New Labour Government under the leadership of Tony Blair outlined several weaknesses that were assumed to have clouded the management of local governments (Hambleton & Sweeting, 2004; Harris, 2005; Demirkaya, 2006; Rao, 2006; Chandler, 2008; Lodge & Muir, 2011).

The flaws in local government organisation, according to Blair's government, especially included those in the operations of service delivery, the management of councillors and the lack of public participation through which accountability could be enhanced and public trust could be obtained (Hambleton & Sweeting, 2004; Harris, 2005; Demirkaya, 2006; Rao, 2006; Lodge & Muir, 2011). Additionally, the country suffered from an unusually low level of overall trust towards the government. Based on a survey done on public trust of government, UK ranked 22 out of 25 European Union countries. In the U.K, only 43 per cent of the public trusted their councillors and 36 per cent trusted the senior council managers in their local governments. These numbers have held steady in the past few years. The public will likely trust a council only when the council is perceived as performing well in services, interpersonal relations and decision making (Parker et al., 2008). In this sense, the key features in local government

modernisation are the introduction of directly elected mayors, the development of the Best Value approach and the Comprehensive Performance Assessment (CPA) (Hambleton & Sweeting, 2004; Demirkaya, 2006; Rao, 2006; Lodge & Muir, 2011).

A directly elected mayor forms the key approach to developing the local leadership and to strengthening the management of local governments (Demirkaya, 2006). Thus, there will be clear accountability from the person answerable to the success or failure in service delivery (Demirkaya, 2006; Rao, 2006). The direct election of mayors will be the point to encourage more voter turn-out during elections. Previous incidences of low voter turn-out can be the result of public distrust towards the system and the government itself (Hambleton & Sweeting, 2004; Demirkaya, 2006; Rao, 2006). Demirkaya (2006) mentioned four models for mayoral leadership as outlined in the Local Government Act 2000: the mayor/cabinet model, the mayor/council manager model, the cabinet model, and the modified committee system. The first two models involve a directly elected mayor, and the fourth is mainly for small local councils with populations under 85,000. However, the result from these four options has produced variations in local authorities: most local councils have chosen a cabinet model, and very few local councils have opted for a directly elected mayor (Demirkaya, 2006; Rao, 2006).

The second approach to the modernisation of local government is the development of the Best Value Management Framework (BVMF) (Mc Adam & O'Neill, 2002; Harris, 2005; Demirkaya, 2006). BVMF was introduced to replace Compulsory Competitive Tendering (CCT) under Thatcher's government (Mc Adam & O'Neill, 2002). The aim of BVMF is to promote responsible and accountable councillors and local authority staff towards voters (Mc Adam & O'Neill, 2002; Demirkaya, 2006) in order to strengthen local democracy and community-based local

governments (Mc Adam & O'Neill, 2002). Thus, BVMF is a measure of performance, especially in service delivery, in which delivery of services should be the most economical, effective and efficient (Mc Adam & O'Neill, 2002).

The implementation of BVMF is compulsory and mandatory to the U.K.'s local authorities (Demirkaya, 2006). Harris (2005) mentioned the four steps in the implementation of Best Value. The first is to challenge why and how a service is being provided. The second step is to compare its performance with others to see how the service could be better provided. The third step is to consult with local taxpayers and service users about what they want from the services and finally, compete whenever necessary in order to provide the best service.

Additionally, the Comprehensive Performance Assessment (CPA) was also introduced and applied to all local authorities in England (Harris, 2005; Game, 2006). The CPA is the set of assessment methods handled by the Independent Audit Commission (Game, 2006). It is the inspection utilized to propose future improvement plans and to assess the existing and past performance of service provision (Harris, 2005). Game (2006) explained the categories of performance as excellent, good, fair, weak and poor. Furthermore, rewards are given on the basis of the scores.

2.5.3 Local Government in Australia

Australia has a highly diversified system local government with over seven hundred local governing bodies whose management differ from one state to another (PricewaterCoopers, 2006). Local government in Australia has no independent constitutional status and is subject to states' responsibility and legislation (Worthington et al., 2001). There are six states and two territorial governments (Northern Territory and Australian Capital Territory) that oversee the management of local councils and

community governments (Australia, 2010). A local government's governing board or council is normally elected from and by its constituents. The governing board is headed by a chairperson (usually the mayor) and consists of executive arms.

The diversity of Australia's local governments can be seen in several aspects, such as the uneven spread of local councils and roads across states and territories, separate state-based legislative system, financial self-sufficiency, extent of population growth or decline, the management capacity and skill base of councillors and staff, the attitude and aspirations of the local communities and grants as a source of revenue (Worthington et al., 2001).

In 2006, the local governing bodies in Australia ranged from two square kilometres to 378,533 square kilometres (Peppermint Grove in Perth and East Pilbara in northern Western Australia, respectively). The median population per local governing body ranged from 530 in the Northern Territory to 39,744 in Victoria. Population also varied tremendously from only 57 people on Ugar Island in Queensland to the 970,000 governed by the Brisbane City Council. The length of roads ranged from two kilometres to 5,562 kilometres. Some local governing bodies have no defined area, such as in New South Wales, Queensland, South Australia, and the Northern Territory (DOTARS, 2007).⁸

2.5.3.1 Functions of Local Government

The development of local government functions in Australia has recently come under an important agenda to increase the capacity of each local government. Due to the diverse characteristics of the local governments, the roles and functions of the local government

⁸ www.infrastructure.gov.au/department/about/divisions/files/Auslink.pdf (Retrieved on 16/06/2014)

were determined according to local needs. The improvement of the general character of local government, including governance and advocacy, planning and community development, regulation, provision of infrastructure and service delivery were intended for greater accountability, efficiency and cost-effectiveness (Australia, 2006).

Under the state legislation, the local government has the authority to provide for good governance through powers of general competence; it can also undertake functions and provide services on behalf of other governments (Australia, 2010). There are several reasons for the changing role of the local government from provision of traditional services to a more service-oriented role with increased responsibilities. Among the reasons are devolution, increased expectations by the higher authority, cost, escalated community expectations and policy choices (Australia, 2010). Furthermore, Australia's accountability and performance management system have incorporated components of horizontal accountability for better performance in all aspects of local government.

Accountability and public trust in local government have become a broader conception compared to those in the private sector. Therefore, the two elements are essential to good governance. The stress on rebuilding the culture of accountability was publicised to all levels of government by the Prime Minister in April 2008.⁹ Reviews of the misuse of statutory powers, maladministration and malfeasance in the Australian local government have direct impacts on local governance. As shown in Table 2.2, the investigation was complemented by similar investigations in other local units.

⁹ <http://www.apsc.gov.au/publications-and-media/archive/publications-archive/delivering-performance> (Retrieved on 17/06/2014).

Table 2.2: Local government investigations

Category	Victoria	New South Wales, Queensland and Western Australia
Council governance and maladministration	2	2
Financial mismanagement	3	3
Corrupt or unethical conduct by councillors or staffs	5	10
Breach of statutory powers	4	Nil
Total	14	15

Source: https://www.iaa.org.au/sf_docs/default-source/technical-resources/Corruption_and_misconduct_in_local_government.pdf?sfvrsn=0. (Retrieved on 17/06/2014).

2.5.4 Local Government in the Republic of Korea

The split of Korea into north and south by ideological differences during the Cold War has divided the Republic of Korea in the South from the Communist regime in the North. Known as the Republic of Korea, South Korea is situated in the southern part of the Korean Peninsula, and the country exercises a presidential system of government. The Republic of Korea was created in 1948 and the country has been practicing unitary government ever since, which has led to the centralisation of power for more than thirty years. The local government was historically the most affected by the control from the central government, as the Korean government suspended local democracy and thus denied elections in local government (Bae, 2009). The end of World War II has witnessed the growth of central power and bureaucracy in South Korea. However, at the end of twentieth century, there came a realisation of the importance of good governance to increase public trust, and thus the central dominance has started to change (Hermanns, 2009).

2.5.4.1 The Structure of Local Government

Figure 2.1 shows the structure of Korean local governments which are divided into provincial-level municipalities, city-level municipalities and lower administrative units.

The local governments were divided into sixteen regional governments (seven metropolitan and nine provincial administrations) in addition to 230 local governments, which consist of 16 districts, and 86 counties including two in the special province of Cheju-Do.

Seoul has been dedicated as a special city and under the direct control of the prime minister. Cheju-Do has been designated as a special administrative island. Previously, the mayors of cities and county chiefs were recommended by the provincial governor for appointment by the president. They are members of the civil service. At the administrative district level, the head of towns and townships were named by the county chiefs. However, with the stress on the importance of local autonomy to local government starting in the 1990s, the mayors and councils are now chosen through local election.

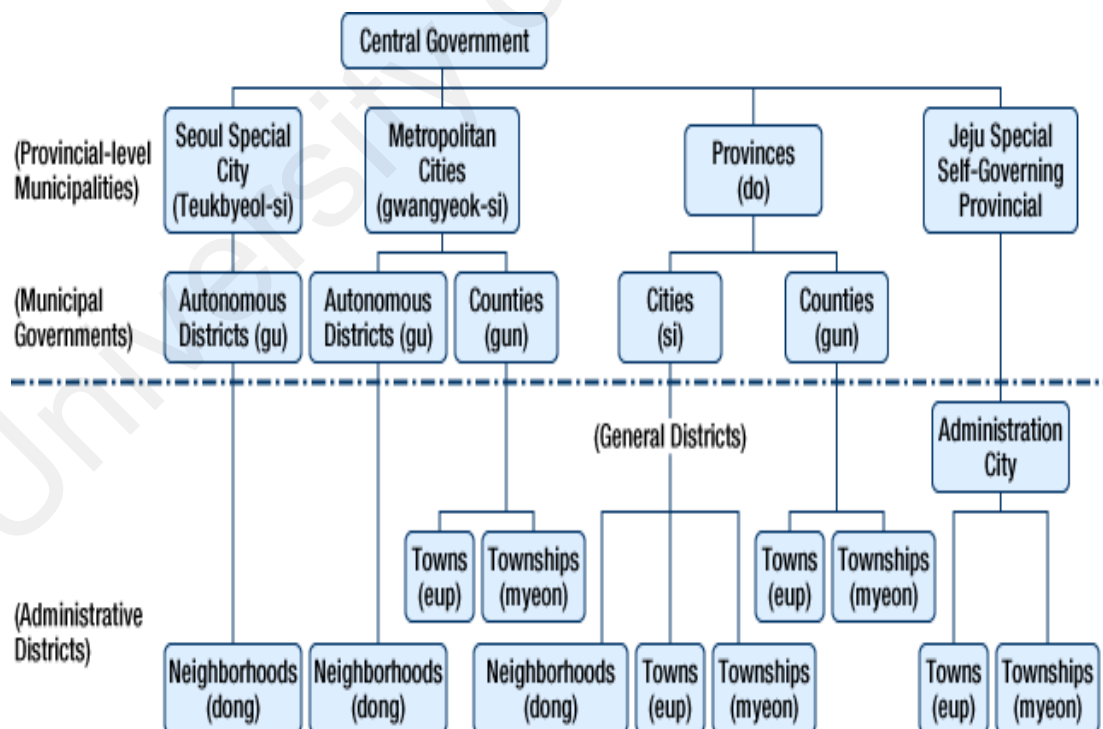


Figure 2.1: Structure of local government in South Korea¹⁰

¹⁰ http://www.mlit.go.jp/kokudokeikaku/international/spw/general/korea/index_e.html (Retrieved on 17/06/2014)

2.5.4.2 Local Democracy in Korean Local Government

South Korea professes an outstanding history in the struggle of local autonomy for the local governments. Korea's centralisation of power dominated the country for more than fifty years (Bae, 2009). The dominance of central government was shown in the Korean constitution, which provided the local governments with the *ultra vires* principle. This principle permits the local governments with power not assigned to other government agencies. The principle also allows the local governments to engage in the activities specifically assigned by the central government. In this sense, the constitution allows the central government to use regulations to control the lower levels of government through executive and ministerial legislations (Chong-Min, 2006; Hermanns, 2009). The control was evident in taxation and local government spending, where the central government uses the constitution to tighten its control and limit the scope of local decision making (Hermanns, 2009).

A French political thinker, Alexis de Tocqueville, wrote in 1835 that, 'in the township as everywhere, the people are the source of social powers, but nowhere do they exercise their power more immediately' (quoted in Hermanns, 2009, p. 218). To exercise a healthy democratic system, the local government and civil society became an integral part of democracy, and decentralisation became the best practice to change the relationship between the state and society. Accordingly, Europe, North America, Asian countries, China and some Islamic countries have faced pressure for political and administrative decentralisation since the 1970s. For better representation and to encourage accountability, some countries have introduced certain forms of local democracy (Bae, 2009). In the Republic of Korea, a pro-democracy movement has demanded greater local autonomy, opened local administration to public scrutiny and improved services (Hermanns, 2009).

The passage of local autonomy in the Republic of Korea progressed slowly. The newly created regional and local councils were the first councils to experience local elections in 1991 (Hermanns, 2009). For all local governments in Korea, the first direct elections for mayors and governors were held in 1995 (Chong-Min, 2006; Hermanns, 2009). However, local empowerment for democratic governance was still limited and the central government still controlled taxation and local spending (Chong-Min, 2006). The introduction of local elections has opened up a new arena for political participation.

Several improvements and disclosures in the local governments have been exercised and progressed slowly. For example, the local citizens have been able to request disclosure of public information since 1996, and they can present petitions to revise or abolish local ordinances or by-laws as of 2000. The local governments started to draft their own budgets in 2004 and gained the right to expel incompetent local executives in 2006 (Bae, 2009). Every local government in Korea has maintained the same form of election for mayors and the councillors, with other local officials appointed on the basis of merit (Chong-Min, 2006).

Figure 2.2 shows the contribution of decentralisation and local democracy in South Korea. The practice of decentralisation has shown better than 50% improvement in delegation, local capacity and citizen participation. Several systems, including neighbourhood councils, were introduced to encourage participation. Changes in domestic and global political-economic conditions from 1990 through the 2000s also promoted the advance of decentralisation in Korea (Bae, 2009). The move towards decentralisation has led to new motivation for heads of administration in planning and implementing new functions and technologies to improve services (Hermanns, 2009).

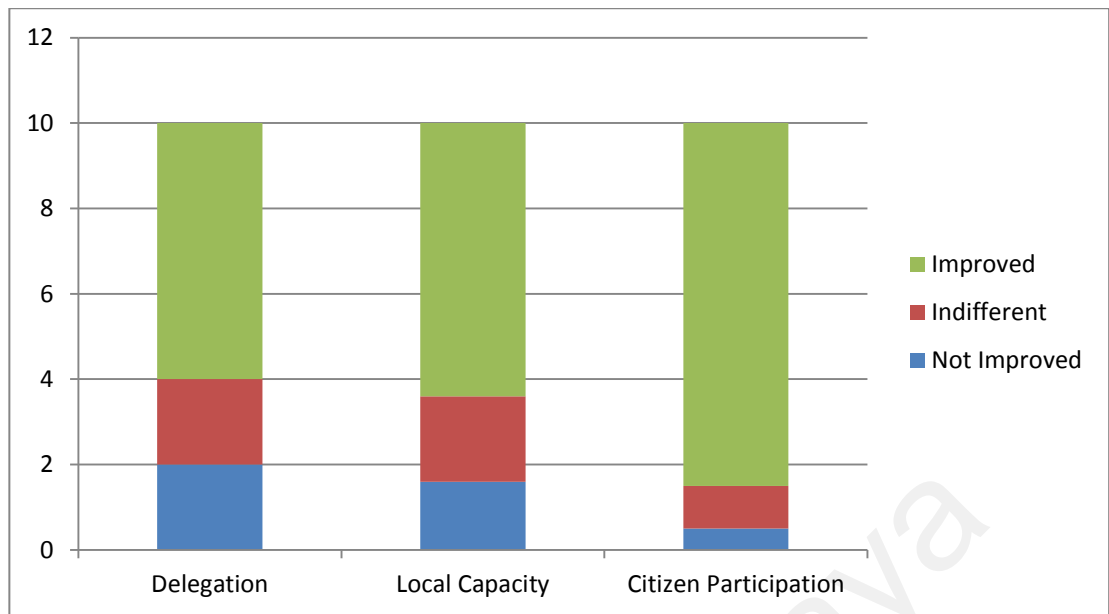


Figure 2.2: Contribution of decentralisation and local democracy in South Korea

Source: Bae (2009).

Furthermore, Bae (2009) noted that decentralisation programs were most evident during Roh Moo-Hyun's government when comprehensive plans were enacted. Additionally, in the 2000s decentralisation reform in Korea was labelled as 'collaborative decentralisation'. Roh's government focused on decentralisation in the local government sphere by stressing the guideline that local affairs should belong to local citizens and that the delegation of power must be done for both functions and authority.

The exercise of decentralisation and local democracy in local government was not without flaws and criticisms. The criticisms involved voter turn-out during local elections, the practice of having party-affiliated candidates for local elections and the growth of mayors' power (Chong-Min, 2006; Bae, 2009; Hermanns, 2009). Voter turn-out for subnational elections decreased subsequently for the last eleven years. The 1995 local election recorded 68% voter turn-out. In 1998, the percentage declined to 53%; in 2002, the decline continued to 49%; and in 2006, the percentage for voter turn-out was 51% (Chong-Min, 2006).

One of the most obvious reasons for low voter turn-out during elections was the practice of having party-affiliated candidates (Hermanns, 2009). The politicisation of local elections for the mayor and the councillors was widely criticised and has downgraded the spirit of local accountability in the South Korean local government. Since the introduction of local elections, the majority of the mayoral candidates have come from a political party that dominates a particular region (Chong-Min, 2006; Hermanns, 2009). For example, the Yeognam region is a stronghold of the Grand National Party (GNP), and the 1995 local elections showed the GNP's contribution with 50% of the mayoral candidates. For 1998 local elections, the GNP candidates were 68%; for 2002, 87%; and for 2006, 86% (Chong-Min, 2006). Effective competition was hardly evidenced in the local elections. National issues instead of local issues have been the focus during the local elections (Chong-Min, 2006; Hermanns, 2009). A survey conducted in five major cities in Korea uncovered several disappointments of the citizens by the politicisation of local elections. A survey in 1999 showed that 56% of the respondents disagreed with the political party nomination of mayoral candidates, which increased to 60% in 2001 and then was at 52% in 2005 (Chong-Min, 2006).

Bribery, scandals involving officials and elected councillors and violations of electoral laws have also eroded trust in government agencies. It was reported that only one quarter of Koreans trusted their local government, and 40% considered their local government officials to be corrupted (Hermanns, 2009). The Korean local government has practiced the strong-mayor/weak-council system of government. Since the introduction of local elections, the mayor has more power and authority to (1) appoint local bureaucrats, (2) submit budgets of expenditures and revenue and (3) veto ordinances passed by local councils (Chong-Min, 2006). The mayor outshines councillors and can even offer councillors more authority in favour of their support (Chong-Min, 2006; Hermanns, 2009). In this sense, individual bureaucrats may also

develop personal exchange relationships with the mayor for individual favours (Chong-Min, 2006).

The practice of Korean local governance resembles that of Korean national government, particularly the domination of mayors in local government (Chong-Min, 2006; Bae, 2009; Hermanns, 2009). Local elections controlled by party-affiliated candidates have led to further politicisation of local governance, which decreased the opportunity for local independent candidates and thus dispersed the power among local people (Bae, 2009). In fact, the effort for greater local autonomy to achieve greater accountability and improve services and public trust has still been a long journey for the Korean local government.

2.5.5 Malaysia's Local Government: Background in Brief

The structure of local government in Malaysia owes much to the influence of British colonialism. The local government was introduced by the British and flourished during the colonial years. After independence, the structure and management of local government continued mostly to reflect the colonial legacy (Milne & Mauzy, 1978; Ahmad Atory, 2002; Ahmad Atory & Malike, 2006; Phang, 2008; Sofian, 2011). However, the Malaysian local governments managed to exist and to build their own local governments' identity based on the societies, politics and economies of their country, particularly after the restructuring of local government in the early 1970s (Ahmad Atory & Malike, 2006).

The restructuring of local government took place following several persistent problems that occurred at that time. One of the problems was the existence of many types of local governments in urban and rural areas (Milne & Mauzy, 1978; UNDP, 1999). Table 2.3 shows the types of local authority that existed in the late 1960s. From

the six types of local authorities, local councils made up the majority, and 60% of these councils existed in the new villages (Milne & Mauzy, 1978). The existence of various ordinances, enactments, by-laws, rules and regulations by these local authorities might have contributed to the complication in terms of implementation (Malaysia, 1970; Lee, 2005).

The second problem was the complaints over mismanagement as reported in the local governments of Penang, Seremban, and Johor. Abuse of power was massive in these local authorities and became a serious epidemic within the local governments. The efficiency and effectiveness of the staff to carry out their duties were also questioned. The financial capacity of the local government was a never-ending obstacle that led to demotivated and demoralised staffs' having to carry out their responsibilities (Milne & Mauzy, 1978, UNDP, 1999). All of these problems led to the appointment of a Royal Commission of Inquiry for the restructuring of local government in Malaysia.

Table 2.3: Types of local authority (late 1960s)

Types of Local Authorities	Number of Local Authorities
The City Hall of Kuala Lumpur (Federal)	1
Municipality	2
Town Councils	37
Town Boards	37
District Councils	7
Local Councils	289
Total	373

Source: Adapted from Milne and Mauzy (1978).

In 1965, the Royal Commission of Inquiry was established to investigate and restructure the administration of local governments. The commission was chaired by Senator Datuk Athi Nahappan. The report was completed in 1968, submitted to the federal government in 1969 and released in December 1971 (Milne & Mauzy, 1978;

Kuppusamy, 2008). Although the suggestions were numerous, not all were accepted by the government for implementation (Milne & Mauzy, 1978).

One of the major changes implemented by the government was the introduction of three parent laws for local government: the Local Government Act 1976 (Act 171); the Street, Drainage, and Building Act 1974; and the Town and Country Planning Act 1976 (Act 172) (Kuppusamy, 2008). These acts provided the local governments in each state with more responsibility and authority to carry out their functions in the local communities. Another important change that occurred in the restructuring process was the abolition of elected councillors and mayors for local authorities (Milne & Mauzy, 1978; Ahmad Atory, 2002; UNDP, 1999; Lee, 2005; Kuppusamy, 2008; Phang, 2008). The abolition of local elections took away the right for public representation and further reinforced centralisation (Phang, 2008).

Table 2.4 reports the distribution of local authorities according to state before and after the restructuring process. The table also includes the recent distribution of local authorities in Malaysia. The table below shows that some local authorities were upgraded to a higher level of status and some new local authorities were established following the country's development, expansion of service areas and administrative capacity. As seen in the table below, the total number of local authorities today is 150, inclusive of those in Sabah and Sarawak.

Several other local authorities were upgraded to the higher status as Municipal Council or City Council or City Hall. All states have shown increases in the number of local authorities that were upgraded from district councils to municipal councils and from municipal councils to city councils or city hall.

Table 2.4: Distribution of Local Authorities by State

State	Restructuring				Current (Until 2014)				
	Before	After			City Hall	City Council	Municipal Council	District Council	Total
		Municipal Councils	District Council	Total					
Johor	96	1	13	14	-	1	6	8	15
Kedah	38	1	10	11	-	1	3	7	11
Kelantan	28	1	10	11	-	-	1	11	12
Malacca	4	1	2	3	-	1	3	-	4
Negeri Sembilan	20	1	7	8	-	-	3	5	8
Pahang	35	1	6	7	-	-	3	9	12
Perak	97	2	13	15	-	1	4	10	15
Perlis	4	1	-	1	-	-	1	-	1
Pulau Pinang	5	2	-	2	-	-	2	-	2
Selangor	33	3	8	11	-	2	6	4	12
Terengganu	13	1	6	7	-	1	2	4	7
Federal Territory	-	1	-	1	1	-	-	-	1
Sarawak	23	2	19	22	1	2	3	20	26
Sabah	22	4	21	25	1	-	2	21	24
Total	418	23	115	138	3	9	39	99	150

Source: Reorganised from http://www.epbt.gov.my/osc/PBT2_index¹¹

Figure 2.3 shows the structure of Malaysian local government after the restructuring process. Located at the lowest level of government, the local governments are subject to the state government. The federal government also established the National Council for Local Government (NCLG) in 1960, which is the highest policy-making body to administer local government matters. Although the local government is under the state subject, the federal government in consultation with state governments can formulate policies on promotion, development and control under the NCLG (Harding, 1996).

Municipalities and district councils are the two types of local authority mentioned in Section 3 (d) of the Local Government Act 1976 (Act 171), whereas the

¹¹ Retrieved on 20/01/2014.

city council is the upgraded status of municipalities when they achieve a certain level of economy and population (UNDP, 1999; Shardy et al., 2012).

To achieve or upgrade the status as city council or City Hall, the local authority concerned must have a population of more than 500,000 and annual revenue of more than RM100 million. Furthermore, the population of a municipal council population should be more than 150,000 with an annual revenue of RM20 million. As for the district council, it should have a population and annual revenue lower than those of municipal councils (Norida, 2010).

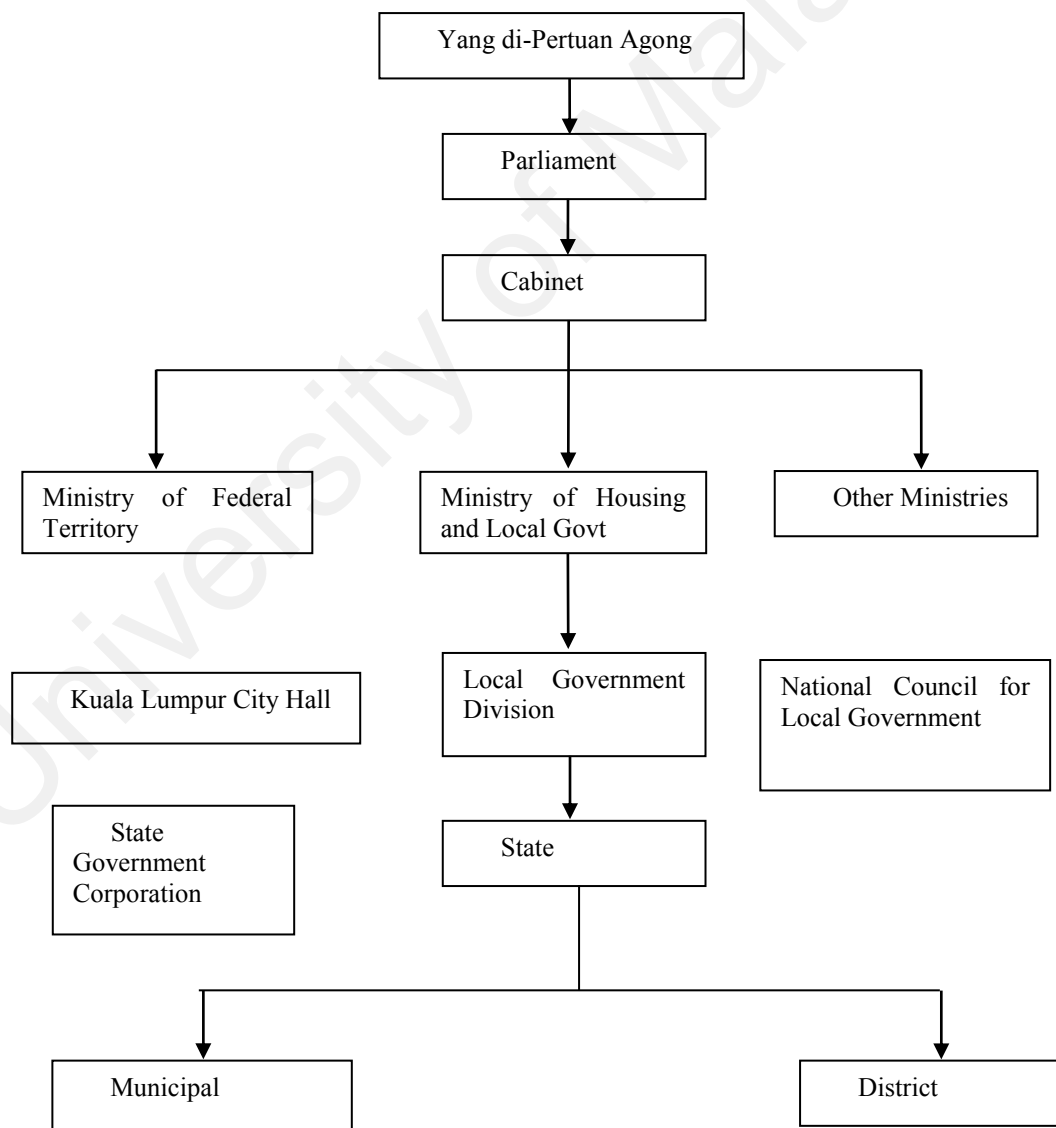


Figure 2.3: Local Government Structure in Malaysia

Source: Ahmad Atory, 2002, pg. 4.

2.5.5.1 The Role of Local Government in Service Delivery: Challenges and Problems

Local government sits at the lowest tier of the government structure in Malaysia. It is under the state's jurisdiction and bears the responsibility for delivering services to the local community. The Local Government Act 1976 (Act 171) outlines in detail the functions of local government, divided into obligatory and discretionary activities. It also serves as the sources of statute law and power of local government. Obligatory or compulsory functions include the five main functions of the local government, namely services in amenities and community, protection and enforcement, health, welfare and communication. Meanwhile, the discretionary functions of the local government involve city beautification and development. To assist the smooth implementation of these functions, the Town and Country Planning Act 1976 (Act 172) and the Street, Drainage, and Building Act 1974 (Act 133) were formed.

Local government serves as the infra-sovereign to the state government, which has quasi-sovereign powers, and the federal government occupies the position of sovereign body (Kuppusamy, 2008). The variety of local government functions added by the responsibility to carry out national objectives has made it quite impossible for the local governments to be efficient and effective in delivering services to the public. This has brought about public dissatisfaction and complaints towards the local government (Kuppusamy, 2008; Phang, 2008; Siti Nabiha, 2010).

To make matter worse, financial constraint is a never-ending burden to the workings of local governments in Malaysia (Ahmad Atory, 2006; Kuppusamy, 2008; Tooley et al., 2010; Sofian, 2011). The assessment tax is the major source of revenue for the local government (Kuppusamy, 2008; Sofian, 2011), and Section 39 of the Local Government Act 1976 (Act 171) states that sources of local government revenues also derive from rentals, licenses and permits, service charges, interest and dividends, fines,

sale of goods fees and other support services charges (Sofian, 2011). In order to help the poor and undeveloped states, the federal government can establish a new special-purpose grant, such as the formation of the equalisation grants to Perlis and Kelantan in 1974 (Kuppusamy, 2008).

Table 2.5 shows the set of services delegated to other agencies or institutions for better execution. The inability of several local governments to deliver their services as promised to the public has driven them to search for other alternatives (Ahmad Atory & Malike, 2006; Kuppusamy, 2008). Monetary constraints have also led some of the local authorities to surrender their services to the federal or state government (Jomo & Hui, 2003; Kuppusamy, 2008).

As shown in the table below, many of the local functions were given to the federal government to be administered by their agencies/units/departments. As a result, privatisation flourished during the administration of Tun Mahathir Mohammad in which some functions of the local government was privatised (Ahmad Atory & Malike, 2006). The move towards privatising some local government functions was due to the inability of the local government to carry out these functions. For example, solid waste management was privatised to four companies based on the regions in Peninsular Malaysia. However, some local authorities in Kelantan, Penang and Perak have still been administering their own solid waste collection and disposal.

Malaysian local government is unique in the sense that it possesses characteristics that persist since the end of British rule (Siti Nabiha, 2010). One of the distinctive features of Malaysian local government is the unitary relationship between higher governments and local government (Kuppusamy, 2008; Phang, 2008; Siti Nabiha, 2010). The local authorities do not exercise direct accountability to their local communities but have to obey the higher governments (Siti Nabiha, 2010). In fact, the

abolition of the local elections in the 1960s has ‘legitimised’ the centralisation of power by the federal and state government (Milne & Mauzy, 1978; Kuppusamy, 2008; Phang, 2008, Siti Nabiha, 2010).

Table 2.5: Types of services relinquished to other agencies/institutions

Surrendered to Federal Government Agencies	Surrendered to State Government	Privatised
Management of rivers Fire fighting services Drug controls Weighting scales enforcement Museums Water Abattoir services	Public libraries	Solid waste disposals Sewerage services Maintenance of federal, state roads and street lighting Parking area Land development Rehabilitation, cleanliness and maintenance Public toilet, landscape and market maintenance Bridge construction, construction of stalls, and day and night markets Tax collection / home assessment Tourist management centre Housing project Vehicle rental, grass cutting

Sources: Reorganised from Ahmad Atory & Malike (2006); Kuppusamy (2008).

The Local Government Act 1976 (Act 171) provides the guidelines for the appointment of councillors and states the authority of the state government to appoint mayors and councillors. The end of local elections has had repercussions on the relationship between a local government and its community, where the loyalty of the selected local councillors rests with the state government. Furthermore, political interference in decision making has affected local authority’s actions and decisions (Siti Nabiha, 2010). This has also hindered the relationship between the local authority and the public, portrayed a negative image to the public and reduced public confidence and trust in the local government.

Several efforts have been initiated to increase accountability of local governments in service delivery. For example, the Star Rating Systems (SRS) was introduced to assess the performance of local government in service delivery (Halimah & Najib, 2009). Other measures include the Key Performance Indicators (KPIs) (Siti Nabiha, 2010) and ISO 9000 (Shardy et al., 2012).

2.6 Chapter Summary

This chapter provides the background information on the topic of trust and accountability within the three levels of government. Governments around the world have relentlessly pursued efforts to improve performance, and one of the means is through decentralisation of functions and local autonomy. Central dominance is common mostly in the third-world countries, but the move towards decentralisation has provided equal ground for the lowest tier of government to make decisions and practice local self-governance. This chapter has also described the experiences of five countries towards decentralisation, thus proving that the process of decentralisation is a difficult transition. The discussion also clarifies the complex issues that exist within the governments, such as the relationship between national government and its regional units. This challenge can deter the public's trust for the authorities. Although decentralisation can be a better solution to the relationship issue, the implementation is quite complex and requires full commitment from the government and each segment of the society.

CHAPTER 3: LITERATURE REVIEW

3.1 Introduction

The chapter begins with the definitions of public trust and accountability as proposed by several scholars. It then highlights the four key theories explicated on the performance of an organisation, society, and values, which at the further end relate to public trust and accountability. The chapter begins with a comprehensive review of the theories, together with their strengths and weaknesses. It then explains the gaps in the current knowledge and the justification for the theory selected for the present study. The segment then continues with the discussion of several models for public trust and accountability as expounded in previous studies. The models also give insight into the important variables for public trust and accountability. A short summary is given at the end of the chapter to conclude the discussion.

3.2 Definitions

The concern on trust is quite recent and has been confused with other leading concepts, such as satisfaction and confidence (Kim, 2005; Choudhury, 2008). While there is no specific definition of trust, several conceptions of trust have been outlined by previous scholars as follows:

Trust involves the belief that others will, so far as they can, look after our interests, that they will not take advantage or harm us. Therefore, trust involves personal vulnerability caused by uncertainty about the future behavior of others, we cannot be sure, but we believe that they will be benign, or at least not malign, and act accordingly in a way which may be possible put us at risk (cited by Bouckaert & de Walle in Baier, 2001, p. 4).

Trust is a complex, multifaceted concept (Thomas, 1998, p. 167).

Trust in the modern administrative state is the product of tension between the managerial imperative of discretion and political imperative of accountability (Ruscio, 1999, p. 641).

Trust is used as a concept to explain an entire series of relations (Bouckaert & de Walle, 2003, p. 301).

Several main terms can be extracted from these definitions of trust. Trust involves personal vulnerability, uncertainty of future behaviour, willingness to take risks, emotion, behaviour and positive feeling. Trust involves the relationship between two or more persons, or between a person and an organisation. An example of this relationship is when A establishes a relationship with B, which means that A is willing to take risks for trusting his future with B. Although the future is uncertain, A has positive expectations of B.

The term *trust* alone does not carry any moral obligation (Hardin, 1996); thus to understand the concept of trust, the term needs to be associated with other related concepts. In this sense, to trust means to link the term with a relationship, that is, a relationship that involves two or more individuals. The relationship can be in terms of mutual trust, personal trust, fiduciary trust or social trust. In an institution, trust is no different from the trust built among friends; relational-based trust involves some kind of risk.

Within government institutions, public trust can be explained as the attitude of the public, which can be positive or negative towards the public service. The scrutiny concerns whether the public officials are taking rightful actions. Public trust towards the government and the organisations within the government is the product of generalised trust, which is produced from social interactions and experiences.

Public trust is a subjective, complex and multi-dimensional construct that consists of cognitive and affective elements (Thomas, 1998; Taylor-Gooby, 2008). The

cognitive and emotional elements of trust have to be based on rational and instrumental judgments (cited by Taylor-Gooby in Calnon & Rowe, 2005, p. 292). On the other hand, the effective dimension of trust centres on the behaviour of the public toward an administration (Thomas, 1998). The attitude of the public can be positive or negative towards the public service. The scrutiny is about whether the public officials are doing the right thing.

Public trust is mostly a prediction that public officials are able to do the right thing. Trust does not exist spontaneously; it is developed over repeated interactions and persists after some time (Wang & Wart, 2007). However, the interaction between the public and public officials does not necessarily produce positive results. Repeated interactions between both parties can produce satisfaction and then trust. This means that in the early phase of interaction, an individual will have ‘a sense of trust’. As Hardin observed, ‘Trust might be fully explicable as a capability or as a product of rational expectation without any moral residue’ (1996, p. 159). Any kind of interaction will involve a little bit of trust in the first place.

Trusted public officials are able to make flexible use of their skills, as well as their discretion and autonomy, to enhance their efficiency, responsiveness and effectiveness (cited by Fard & Rostamy in Gordon, 2000, p. 331).

However, because the public trusts the public officials in the first place, it is not clear whether the public officials are doing their job out of their duty or due to their skills. ‘The serious part of trust’ will take place at a later stage when the public officials have succeeded or failed in fulfilling public demands and hence in achieving public trust.

The variation of trust among the public depends on how they perceive the performance of the public sector in service delivery (Ruscio, 1996; Bouckaert & de

Walle, 2003; Wang & Wart, 2007). Public trust is the primary goal to be achieved by a government and its counterpart because, once they gain the trust of the public, the motivation that drives them to perform at their best will be high, and the government officers will be convinced that the citizens will give full confidence to their services (Bouckaert & de Walle, 2001; Fard & Rostamy, 2007).

Most discussions on trust do not distinguish between trust and trustworthiness (Ruscio, 1996; Thomas, 1998; Bouckaert & de Walle, 2001; Wang & Wart, 2007; Choudhury, 2008; Taylor-Gooby, 2008; Zhang & Wang, 2010). Hardin (1996) highlighted the need to separate the meaning of trust and trustworthiness. He remarked that ‘trust’ is a form of rational thinking by an individual without any ‘moral residue’. Taylor-Gooby (2008) concurred that rational trust is a ‘rational deliberation’ based on evidence, such as documents and track records.

To register trust on any person or organisation, an individual should be willing to be vulnerable and have the expectation that his or her trustworthiness will not be taken for granted (Kim, 2005; Choudhury, 2008; Taylor-Gooby, 2008). Taylor-Gooby (2008) further clarified that trustworthiness requires “an extra-rational leap of faith” that enables an individual to perform this act of trustworthiness. Trustworthiness constitutes the meaning of how to make an individual trustworthy, and, when trust is gained, the next important question posed is how to secure and enhance the level of trust (Hardin, 1996; Grimmelikhuijsen, 2009). Hardin (1996) suggested some devices for securing and increasing trust, that is, through law of contracts and control. Law of contracts can secure the work relationship and can make each party trustworthy and reliable, whereas control is important to reduce risks and increase cooperation among one another (Hardin, 1996).

There are two approaches to trust: rational and nonrational (Fukuyama, 1995; Ruscio, 1996; Ruscio, 1999). Fukuyama (1995) propounded that nonrational trust exists within every community whose members share the same values and norms. People act and cooperate out of a sense of what is normal or natural, which can persist among any human beings and within any society (Fukuyama, 1995).

On the other hand, the rational form of trust considers that trust is based on the expectation that individuals or organisations will not act on the basis of self-interest and that they will show genuine care to the public (Ruscio, 1999; Taylor-Gooby, 2008). This is a result of proven evidence or historical experiences based on the performance of any individual or organisation (Ruscio, 1999; Taylor-Gooby, 2008; Taylor-Gooby & Wallace, 2009).

Rational trust can be divided into institutional trust and political trust (Ruscio, 1996; Thomas, 1998; Tolbert & Mossberger, 2006). Institutional-based trust is described as trust that is ‘produced through institution’ and ‘specific to organisation’ (Thomas, 1998). The policies and programmes implemented by institutions become the mediating channels between the public and the government. Institutional trust is produced because people believe and expect that an institution ‘will do what is right’ for the benefit of the people at large (Tolbert & Mossberger, 2006) and for its own survival in the market.

Ruscio (1999) stressed that the structural arrangement and design of institutions can enhance people’s expectation that institutions can protect their rights and become a good mediator for distributing public goods. To secure trust, institutions must work on certain ‘intermediary mechanisms’ (Thomas, 1998), such as rules, regulations, law enforcement and contracts (Thomas, 1998; Ruscio, 1999; Choudhury, 2008).

Political trust is described as trust in the present government (Hetherington & Rudolph, 2008; Zhang & Wang, 2010). In order to gain public trust, a government must prove its worth by good performance, especially in the economy and in institutions (Hetherington and Rudolph, 2008). Another form of political trust is trust in democracy, which serves as a culture in politics (Christensen & Laegreid, 2005). The political cultural factor, as Christensen and Laegreid claimed, contributes to trust in the sense that, when people trust the government, they will participate in politics. For example, with trust, people will comply with the rules and regulations imposed by the government, pay taxes and honour the law and the judicial system.

Ryzin (2009) proposed that people evaluate their government by assessing the behaviour and activities of political leaders and considering whether their actions are desirable or undesirable by the society's values. Political trust can also be explained in terms of political support, which consists of support to a political system and political elite (Bouckaert & de Walle, 2001; Back & Kestila, 2009). Accordingly, Bouckaert and de Walle (2001) explained that in a democratic government political support also implies support for democracy and a comprehension of how democracy is practiced by those in power. When people are not satisfied with the government in power, they can be more critical if their demands are not fulfilled, and thus they will participate through the electoral process to unseat the present government (Bouckaert & de Walle, 2001).

3.3 Definition of Accountability

Accountability is an administrative behaviour that involves stakeholders, such as public agencies, citizens and elected representatives. The term has been interpreted differently;

Accountability is used to advocate an approach to dealing with the demands and expectations one is facing as a public administrator. In this sense accountability is a general strategic approach to the management of expectations (Dubnick, 2003, 7).

A social relationship in which an actor feels an obligation to explain and to justify his or her conducts to some significant other (Bovens, 2005, 184).

As a set of relationship between an actor and a forum, in which the actor has an obligation to explain and to justify his or her conduct, the forum can pose questions and pass judgment, and the actor may face consequences (Bovens, 2007, 107).

A set of institutions and processes which relate the civil service to ministers and the latter to parliament (Gray & Jenkins, 1993, 54).

Decision-makers in the government, the private sectors and civil society organisations are accountable to the public, as well as to institutional stakeholders. This accountability differs depending on the organisations and whether the decision is internal or external to an organisation (UNDP, 1997, 15).

Accountability is described as a situation by which, when it exists, public trust can be achieved. It involves an obligatory action of an actor to the stakeholders. Two profiles have been identified in an accountability process: the actor or ‘accountor’, which refers to an individual or agency, and the ‘accountee’, which refers to a specific person or agency or public managers.

Public accountability is a situation in which public officers are held accountable or responsible for any decision or action that involves public interest (Gray & Jenkins, 1993; Bovens, 2005). Bovens (2005) acknowledged that the practice of public accountability represents the exercise of good governance. It is a relationship and a process that relates policy makers, policy implementers and the public, in which the government becomes subservient to and answerable to the public (Gray & Jenkins, 1993).

3.3.1 Approaches of Accountability

The definitions in the previous section are the traditional terminologies of accountability that imply a direct relationship between an individual and another in a hierarchical relationship. Other forms of accountability were identified by O'Donnell (1998), who

described the term as consisting of vertical and horizontal relationships. Vertical accountability is described as a normal relationship between a higher level of authority and a lower level of authority. Horizontal accountability refers to the accountability among peers, equals, stakeholders and those concerned outside the hierarchy (O'Donnell, 1998; Schillemans, 2008).

Accountability provides a platform to hold individuals accountable for their actions. As Dubnick and Justice (2006) pointed out, the following four distinct mechanisms can be referred to as facilitating the act of accountability: (1) making evildoers answerable, (2) establishing liability for evil acts, (3) judging agents blameworthy and (4) attributing responsibility to agents.

3.3.2 Types of Accountability

Fard and Rostamy (2007) outlined seven main types of accountability: ethical, legal, democratic, financial, performance and political accountability. Ethical accountability is described as an act of public servants who follow ethical norms (Thomas, 1998; Kim, 2005; Fard & Rostamy, 2007). Ethics in this sense constitute fairness, justice, integrity, loyalty and any other forms of acceptable conducts (Thomas, 1998; Kim, 2005).

Legal accountability promotes 'the effective execution of law and regulations' (Fard & Rostamy, 2007). Democratic accountability stresses public participation in political affairs (Wang & Wart, 2007; Fard & Rostamy, 2007). Public participation in a democratic government can be at the national or policy levels, particularly during an election period (Wang & Wart, 2007). Next is financial accountability, which accounts for transparency in handling information on financial matters (Fard & Rostamy, 2007). The last type of accountability is performance accountability, which refers to the need

for public servants to show good performance in servicing the public and for them to be aware of the need to improve performance wherever necessary (Yang & Holzer, 2006).

3.4 Ethical Accountability

The decline of public trust in developed and developing countries has been studied and proven by several researchers. Often the solution to the decline is to observe ethical behaviours at all levels and all walks of life. Accordingly, the implementation of accountability is highly dependent on the relationship between a person/persons with other values (Martinsen & Jørgensen, 2010).

Ethical accountability is described as ethical behaviours that should be observed by the government. The condition of trust is based on moral or ethical disposition where there is a need to examine the moral values that make certain behaviours ethical (Choudhury, 2008; Feldheim & Wang, 2004). The public at large evaluates government performance by judging ethical conduct almost all the time; thus, they tend to have strong opinions in their dealings with government institutions (Ryzin, 2009).

There are several ethical behaviours that lead to trust, such as absence of cumbersome bureaucracy, nonfavouritism, guiding of citizens, commitment to religious values, absence of nepotism and bribery, responsiveness to citizen requests, availability, respectfulness, providing information, promise keeping, loyalty to civil service values, attempts to solve citizens' problems and providing of service (Choudhury, 2008; Fard & Rostamy, 2007; Kim, 2005; Wang & Wart, 2007).

Figure 3.1 shows some dimensions of ethical values that need to be practiced by public servants. The dimensions are integrity, honesty, loyalty, benevolence, fairness, openness, respect, reliability and responsiveness. Ethical values are qualities that can

have impact on organisational behaviour. The values can be used to assess various incidents in an organisation (Vadi & Jaakson, 2006).

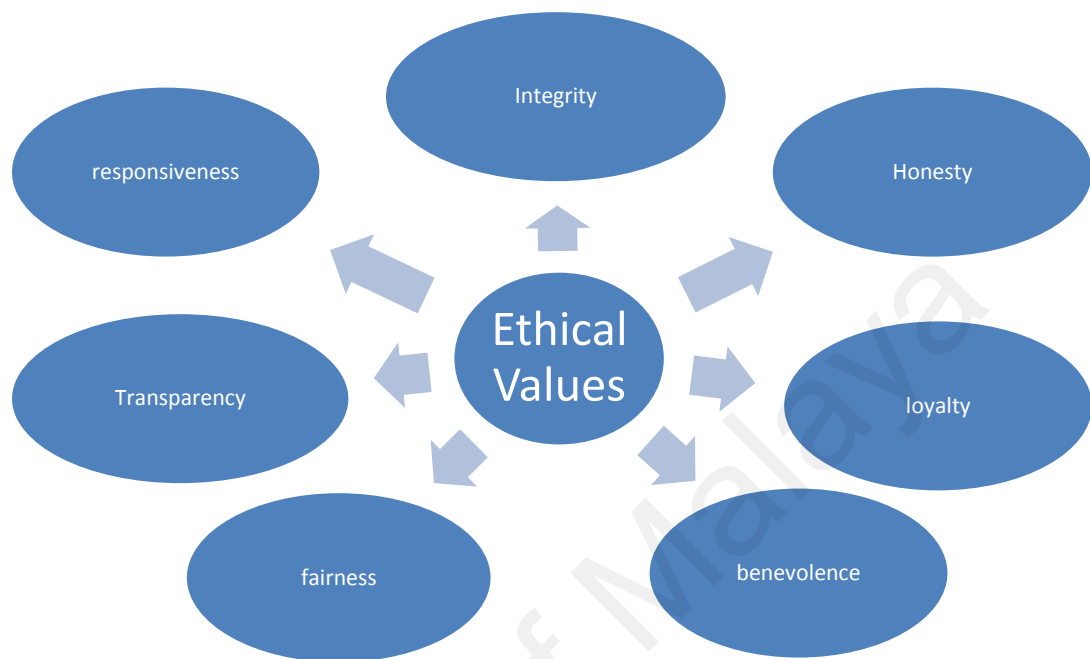


Figure 3.1: Some Dimension of Ethical Values

Source: Kim (2005); Vadi and Jaakson (2006); Wang and Wart (2007); Ryzin (2009).

3.4.1 Integrity

Transparency International defines integrity as ‘behaviors and actions consistent with a set of moral or ethical principles and standards, embraced by individuals as well as institutions that create a barrier to corruption’. Promoting integrity within public sectors has a key influence on the process of curbing corruption. As such, corruption is described as ‘the abuse of entrusted power for private gain’ (Transparency International, 2012). Integrity can also be regarded as the degree of people’s effort to keep themselves clean from corruption. Thus the former can also be regarded as a prominent feature that exists within institutions, particularly public institutions, to control corruption.

In addition, integrity serves as a control and balance mechanism against unlawful activities. In service delivery, the enforcement of integrity includes the

relationship between the actors. The leaders' commitment and adherence to a set of sound principles to instil ethical conduct will encourage the practice of integrity within the organisation (Wang & Wart, 2007; Xie & Peng, 2009). It is acknowledged, however, that the discussion of integrity and its understanding differs among customers, clients and public servants on the basis of their personal experience and perception (Anti-Corruption Commission of Bhutan, 2009).

The Malaysian Institute of Integrity (2010) has outlined twelve dimensions of integrity assessment measures. They are vision and goals, leadership, infrastructure, compliance, policies and rules, organisational culture, disciplinary and reward measures, measurement, research and assessment, confidential advice and support, ethics training and education, ethics and communication, whistle blowing and corporate social responsibility.

In another assessment by the Anti-Corruption Commission of Bhutan (2009), integrity is categorised for measurement details and investigation. The first category is *perceived integrity*, which is the integrity viewed from personal perception and experience of respondents. This kind of integrity investigates an organisation through opinions of clients or consumers who received their services. The second category is *potential integrity*, which measures integrity on the basis of the probability for corruption. In this case the samples of respondents are obviously drawn from officers or workers in the particular institution. Thus, the questions will centre on working environment, administrative rules and regulations, personal attitude towards superiors and fellow workers and corruption-control measures.

3.4.2 Honesty

Honesty is a general trait that exists within any person in or outside an institution. In any organisation, honesty becomes the most crucial factor for candidates during interviews for required employment (Vadi & Jackson, 2006). The refusal to pretend or lie is part of ethical conduct that can lead to trust and the strengthening of a relationship.

Honesty can be analysed at the individual and organisational levels (Kim, 2005; Vadi & Jackson, 2006). At the institutional level, a dishonest action can occur from the top management to the lowest segment of an organisation. Cheating, fraud, corruption, abuse of power, scandals, stealing and lying are the most reported incidences of unethical behaviour of public servants (De Vries, 2002; Ryzin, 2009). Civil service agencies have faced much media attention because their dishonest actions have affected the public the most. Among the excuses discovered were (1) ignorance of their actions of dishonesty, (2) a cultural environment that permitted them to act the way they did, (3) their personal attitudes, (4) pressure from the top management, (5) life pressures and (6) social status (De Vries, 2002; Vadi & Jackson, 2006).

Above all, truth telling is connected to the moral values of any person. In a public organisation, it is a commitment by the government to tell the truth and encourage its officers and staff to abide by this commitment (De Vries, 2002; Ryzin, 2009; Grimmelikhuijsen, 2011). Findings from several studies indicate that commitment by the government for ethical practice and, in particular, honesty will lead to better trust and confidence by the public and let government personnel be perceived as sincere (Grimmelikhuijsen, 2011).

3.4.3 Loyalty

Loyalty is a popular subject in marketing fields, particularly in investigating customers' loyalty to products categories, services, stores and brands (Deghan & Shahin, 2011). In public organisation, loyalty can be referred to as commitment to the common values that exist within an organisation (Wang & Wart, 2007). The concept of loyalty can be composite and institutional (Dowding & John, 2008; Deghan & Shahin, 2011). It can also be a combination of attitudinal and behavioural. Attitudinal loyalty refers to brand loyalty, and behavioural loyalty exists when a consumer has a strong preference towards a company's brand over competitor's brand. Composite loyalty is an important key to success and profitability.

Behavioural loyalty also exists when customers stop feeling loyal to a particular brand and company and thus choose to cease using the product (Dowding & John, 2008; Deghan & Shahin, 2011). It is a trade-off option, to show disloyalty and dissatisfaction towards the proposed product and company.

In a public organisation it is hard to show or recognise signs of loyalty and disloyalty because public servants are unable simply to quit the job when there is disagreement. Citizens' indicator of loyalty is also difficult to comprehend. For example, if citizens are not satisfied with the garbage collection and disposal by their municipality, they cannot simply move out from their household area to a new place; they still have other social and psychological ties related to the area (De Vries, 2008). In this sense, the indicators of loyalty by citizens as service recipients can be ascertained by investigating their satisfaction level with services by the public sector (Feldheim & Wang, 2004). Dissatisfaction of the services can be observed through their use of voice to express their feelings on the quality of the services (De Vries, 2008).

3.4.4 Benevolence

The feeling of benevolence is the concern between two people who have the desire to make each other happy (Estlund, 1990; Vitz, 2002). This is called private benevolence, which is narrow in scope and the area of concern is centred on those close to each other such as family, friends and fellow citizens (Vitz, 2002). Drawing on Hume's conception of benevolence, Vitz (2002) also prescribed a broad scope of benevolence or public benevolence, which means benevolence to persons other than close relations, such as mankind. There are three dimensions of benevolence. The first is benevolence as a psychological state (desire), for example, the desire of happiness for a friend. The second dimension is benevolence with a cause and object. The object of such benevolence is another person or thinking being. The last dimension is benevolence with a goal, which is the well-being of a person. In other words, benevolence is a selfless feeling of care and concern for another individual and the desire to satisfy the needs of the other party.

In an institution, benevolence means the extent to which a trustee is believed to want to do good to the trustor, aside from egocentric motives (Kim, 2005). Benevolence is construed as people thinking that an institution such as a government organisation genuinely cares about the citizens living in the community and sincerely serves citizens who need the services (Grimmellikhuijsen, 2011). It is also considered as motivation to do good for citizens (Xie & Peng, 2009). Without motivation, genuine care may be short lived and the public sector may apply it only when necessary.

3.4.5 Fairness

The general understanding of fairness is the absence of bias or favouritism in dealing with individuals or groups in a society or organisation (Ryzin, 2009). The discussion of

fairness should include a social preference for reducing inequality; thus, the desire for fairness is embedded in individual choices and the need can sometimes be taken for granted (Alesina & Angeletos, 1983).

Discussions on the redistribution of fairness according to Alesina and Angeletos (1983) have evolved around the distribution of wealth and income inequality. In particular, Alesina and Angeletos observed that society's perception on income inequality between individuals depends on luck and effort. One study on American society produced contradictory results to that on European society. The Americans believe that poverty is a trap; they stand with the view of wealth as an outcome of an individual's talent and effort and thus perceive poor people as lacking in effort and lazy. In contrast, European society believes that wealth comes from luck or good fortune. They believe that the government should help poor people to ease the burden because the latter are those unlucky in their wealth journey.

In an institution, fairness is viewed as the existence of equal treatment to employees and clients as customers of the institution (Pearce, 2007; Kim, 2005). People are generally comforted by the feeling that they live in a just world where hard work and effort are paid off and appreciated by those concerned; thus, they will be outraged if there are any unfair practices and will articulate a demand for justice (Alesina & Angeletos, 1983). In this sense, the public cares what the public service delivers, and fair rules and fair implementation of services will help to explain and justify government actions (Pearce, 2007).

3.4.6 Transparency

Transparency International defines transparency as dear and public disclosure of information, rules, plans, processes and actions by governments, companies,

organisations and individuals. It is the principle that public affairs need to be conducted in the open' (Transparency International, 2012, 5). In government institutions, transparency involves a government's decision to make its operation open or accessible to the public.

The transparency process consists of three steps: transparency of decision-making processes, transparency of policy content and transparency of policy outcomes or effects (Grimmelikhuijsen, 2011). In accessing government information, the public can use the website facilities provided by the organisations concerned (Welch & Hinnant, 2003). The more transparent the information given by public institutions in their websites, the more willing they seem for citizens to monitor their performance. This organisation may thus be open to receiving diverse feedback complimenting or criticizing the work of these institutions (Welch & Hinnant, 2003).

Grimmelikhuijsen (2011) observed that transparency can be outwards, inwards, upwards, and downwards. Upwards means that a government is observing its citizens; inwards means that the citizens are observing the government; upwards means that the subordinates are observing their supervisors; and downwards means that the supervisors are observing their subordinates. Many studies have focused on inwards and upwards transparencies in which the public institutions and the top management are constantly scrutinised and criticised for not being transparent enough in their daily administrations.

A more obvious description of transparency includes openness to government records, documents and employee performance; thus, a decision to restrict the information will create distrust and negative perceptions from the public (Feldheim & Wang, 2004). However, these kinds of openness in government operations can lead to severe repercussions.

Transparency pessimists stress the negative effect where the greater the transparency is practiced, the greater the generation of possibility of unjust blame towards government. In addition, the issue in regards to transparency is the degree of openness about the processes of government decision making and the rationales behind the decisions. This will refer to social justice, where any action and decision taken by the government should conform to the principles of equality and fair distribution of goods and services (Alesina & Angeletos, 1983).

3.4.7 Responsiveness

Responsiveness can be observed in two directions: public responsiveness and institution responsiveness (Besley & Burgess, 2002). Public responsiveness to a government's policy is needed for the proper functioning of democracy (Franklin & Wlezlen, 1997). The public's responsiveness towards any policy introduced by the government mostly depends on the issue itself: the closer the issue concerns public daily life, the more responsive the public will be towards that particular issue. One example is the issue of price hikes for consumer goods. Evidence has shown that an increase in the price of petrol, though unavoidable due to global condition, will lead to public disgruntlement towards the issue. This is a negative kind of responsiveness. A more approved public responsiveness means that the public is ready to adjust its preference and receptiveness to a policy, and thus react to the policy in a positive manner.

Responsiveness is also defined as the outcome that can be achieved when institutions respond to the expectations of individuals within their community (de Silva, 2000). Institution or government responsiveness concerns how well a particular system meets the legitimate expectations of the population (Besley & Burgess, 2002). In order to increase government responsiveness, mass media is important in creating channels for the government to respond to public needs (Besley & Burgess, 2002). It has been

reported that the government is less responsive toward the poor people due to the lack of information channels and lack of awareness of the poor towards any of the government policies (Besley & Burgess, 2002). Therefore, both the government and the citizens must have sufficient knowledge of the relationship between what the citizens desire and what the government offers (Franklin & Wlezien, 1997; Vigoda, 2000).

3.5 Key Theories

In searching for good or best theory regarding on specified interest and focus, the following guide was noted:

Good theory is so difficult to produce routinely, in part, because “goodness” is multidimensional: The best theory often combines approaches to theorizing, and the act of combination requires compromise between competing and mutually incompatible values (DiMaggio, 1995, 396).

DiMaggio (1995) acknowledged the difficulty in deciding on a good theory for a particular study. He stressed that an appropriate theory should offer three qualities: generalisation, insightfulness and narrativeness.

Table 3.1 shows the key features of the five theories selected. Social capital theory mostly explains the existence of a relationship between two or more individuals established under the pretext of having a mutual interest. This reciprocal relationship starts with actors who have trust for each other. The existence of norms further reinforces the connectedness. Post-materialist theory stresses the attainment of nonmaterial preference after the material well-being has been completed.

Performance theory talks about the confidence and satisfaction of the public with the performance of the public sector in government administration and service delivery. High or low performance depends on several outlooks in relation to the public and their perception. Agency theory, or principal-agent theory, on the other hand,

focuses on the relationship between a principal and an agent. It emphasises the delegation of responsibility from the principal to an agent. The conundrum in public service is the existence of multiple principals and multiple agents, which make the relationship more complicated. The last theory discussed is expectancy theory, which focuses on work motivation. The theory stresses that the motivation to work is higher when one perceives that the outcome will be positive and will lead to more action that will have positive values.

Table 3.1: Key Dimensions of the Five Theories

	Theories	Keywords	Critiques
1	Social Capital Theory	Reciprocal relationship Trust Mutual benefit	Low stock of social capital Unclear concept Measurement
2	Post-Materialist Theory	Materialist Non-Materialist	Value change Scarcity hypothesis Socialization hypothesis
3	Performance Theory	Macro-performance Micro-performance	Gap between expectation and performance Ignorance on expectation Generalised negativity Public-private stereotype
4	Principal-Agent Theory	A Principal An Agent	Information Asymmetry Shirking behaviour
5	Expectancy Theory	Motivation Expectancy Instrumentality Valence	Complexity in expectation Re-conceptualization of expectation
6	Postmodern Theory	Instability De-differentiation Social embeddedness Hard postmodernism Soft postmodernism	A strong version of critical modernism Not new purpose It is a lifestyle

Source: Researcher.

Each of the theories discussed above has drawbacks, and they have been criticised in terms of conceptualisation and implementation. These aspects will be discussed further in the following chapter.

3.5.1 Social Capital Theory (SCT)

There is no definite meaning of social capital (Coleman, 1988; Putnam, 1995a). The term can be explained through its functions, which consist of various elements that constitute the term (Coleman, 1988). Social capital is literally defined as the interaction, cooperation and coordination among two or more individuals who work together to achieve shared objectives (Putnam, 1995a, 1995b). This cooperative interaction is a 'spontaneous sociability' based on networks, norms and trust (Putnam 1995a, 1995b). These norms are 'instantiated': they arise instantly as a result of interaction and cooperation (Fukuyama, 1999).

The essence of the discussion on social capital theory is relationship or connectedness, and trust or trustworthiness (Coleman, 1987; Fukuyama, 1995; Putnam, 1995a). Social capital is an important element of Iterated Prisoner's Dilemma Game, in which participants work with each other on the basis of trust in order to bring productive benefits to each other (Coleman, 1988; Fukuyama, 1995). Furthermore, trust and trustworthiness exist within individuals or groups who cooperate with each other. The ability to trust means the generation of social capital in such a way as can produce mutual benefits (Fukuyama, 1995; Putnam, 1995a).

Fukuyama (1995) classified social capital as a component in human capital, whereas Thomas (1998) and Back and Kestila (2009) expounded that social trust is a form of social capital. Social trust exists and is embedded within an institution; it can promote active cooperation (Thomas, 1998). In another perception, social capital is viewed as a form of generalised trust (Rothstein & Stolle, 2002). Rothstein and Stolle contended that generalised trust is important in determining whether an individual is ready to engage in cooperation with another. They relate generalised trust with the readiness to cooperate with civic engagement. Thus, social capital theory stresses the

relationship between generalised trusts as a measuring tool for civic engagement or disengagement.¹²

Nevertheless, Fukuyama (1999) argued that social capital does not consist of norms, trust and network. Instead, the norms, trust and network arise because of social capital. Accordingly, social capital can be defined within two perspectives. The first perspective is that social capital is a mutually interacted behaviour that inspires cooperation and coordination among individuals to pursue similar objectives in a voluntary network and organisation. The second perspective is that social capital is a form of interaction that is inspired through generalised trust, which leads to the development of norms, networks and social trust.

Social capital development is influenced by several causes which are rooted in internal and external influences. There have been claims that studies on the cause of social capital are mostly centred on historical development, either from economic or political experiences (Rothstein & Stolle, 2002). According to Fukuyama (1999), external sources of social capital may come from religion and globalisation, and they may lead to changes in the cultures of society concerned and with globalisation changes in ideas, habits and practices.

Putnam (1995a, 1995b) conducted an extensive study on the influences for the decline of social capital in the U.S.A and proved that social capital is deteriorating in that country. Despite having received several critiques from other researchers, Putnam attested that the internal influences for the decline of social capital, among others, were the many forms of media, which were primarily television (Putnam, 1995a, 1995b), education, generational effect or path dependence (Putnam, 1995a, 1995b; Fukuyama,

¹² Rothstein and Stolle (2002) justified their statement by saying that research on generalised trust is lacking and that this has not been carefully examined.

1999; Fukuyama, 2001), and the state (Fukuyama, 2001). Education, on the other hand, serves as an important contributor to the development of social capital, particularly in promoting civic engagement or disengagement (Putnam, 1995b, Fukuyama, 1999; Fukuyama, 2001).

Civic engagement means citizens' involvement or connection within their civil societies or communities (Putnam, 1995b; Fukuyama, 1999; Back & Kestila, 2009). Education can instil civic virtues among communities. Thus, civil societies with high levels of social capital can help to enhance civic values (Rothstein & Stolle, 2002; Back & Kestila, 2009). In terms of education, investments in training and institutional infrastructure are needed for the development of social capital at the organisational level (Fukuyama, 2001).

The second influence of the development of social capital comes from generation effect, path dependence or historical experiences (Putnam, 1995b; Fukuyama, 2001; Rothstein & Stolle, 2002). Societal experiences determine the development of social capital. Putnam (1995b) clarified societal experiences in relation to civic engagement or disengagement by providing evidence that Americans born before World War II were more receptive to civic engagement compared to those born after the war. In other studies, Fukuyama (1995; 2001) stressed cultural experiences as determinants of the development of social capital. Compared to open-cultured societies, closed-cultured societies tend to limit the chances for social capital to flourish.

The third internal influence comes from the role of the state in determining the development of social capital (Fukuyama, 1999; Rothstein & Stolle, 2002). The state plays an important role in the sense that policy makers should be aware of the existence of social capital. Governments must prepare the avenues for the social capital to flourish, be supportive in promoting social capital, and thus avoid excessive interference

in the affairs of the public (Fukuyama, 1999). Fukuyama (1999) stated that education is the best place where government can interfere to generate social capital in the form of formulation of social rules and norms in order to inspire the spirit of cooperation among academics communities.

Social capital can be viewed within two dimensions: the societal dimension and the institutional/political dimension. The societal dimension explains the role of society in social capital formation (Putnam, 1995a, 1995b; Fukuyama, 1995; Rothstein & Stolle, 2002). Because ‘high’ or ‘low’ social capital in a society can be traced to the historical experiences of that particular society, the experiences can be regarded as ‘the learning school for democracy’ (Rothstein & Stolle, 2002). This experience, as Fukuyama (1995, 1999) pointed out, is related to the role of culture in the society. He clarified that societies that experienced closed culture are likely to have low trust and low social capital compared to open societies.

The second dimension of social capital is the institutional/political dimension. This dimension stresses the existence of social capital that helps influence political participation, resulting in an increase in trust (Back & Kestila, 2009; Putnam, 1995b; Fukuyama, 1999). Fukuyama (1999) further clarified that social capital encourages people to come together and participate in a group. Political participation encourages people to be more engaged in civic virtues and sustain civic virtues (Fukuyama, 2001) With the existence of civic virtues, some democratic problems are resolved which in turn encourage greater participation (Back & Kestila, 2009). Fukuyama (2001) stressed that social capital is needed by the state to gain people’s support. Thus, social capital is ‘necessary for modern liberal democracy’ and provides ‘critical support for democracy’ (Fukuyama, 1999; Fukuyama, 2001). For this reason, a state must provide all possible platforms for the formation of social capital (Rothstein & Stolle, 2002).

Several advantages of social capital have been identified. First, the existence of social capital in one organisation is positively infectious to another organisation (de Walle et al., 2008). Social capital fosters cooperation and active participation among individuals in groups. The second advantage is from an economic perspective, where social capital generates greater efficiency than ‘purely formal coordinated techniques’. Fukuyama (1999) stressed that by having social capital, transaction costs can be reduced due to reduced bureaucracy and ‘internalised professional standards’. The third advantage is in terms of political perspective. Social capital can lead to civil association and counter the ‘vice of modern democracy’. He further explained that the rise of individualism and monopolistic behaviour has made the society weaker, and this has made engaging in fruitful discussion cumbersome. In this sense, social capital can help to engage people to participate in an association and build an ‘art of association’. He used the term *schools of citizenship* to refer to people who learn to cooperate in an association.

Critiques of social capital theory focus on several aspects, the first being the concept of social capital itself (de Walle et al., 2008). There is no single accepted common definition of social capital. Most studies describe social capital as social interaction, a component of social trust, generalised trust, norms, and networks (Putnam, 1995a, 1995b; Thomas, 1998; Rothstein & Stolle, 2002; Back & Kestila, 2009), but they fail to agree on a common definition of social capital (Fukuyama, 2001). In addition, most studies of social capital and institutions have not really stressed social capital itself (Rothstein & Stolle, 2002); the previous researchers hardly mentioned social capital in their studies (Thomas, 1998; Wang & Wart, 2007; Fard & Rostamy, 2007).

The second critique is about the difficulty in the measurement of social capital (Fukuyama, 2001; de Walle et al., 2008). Fukuyama (2001) argued that the term *capital* is ‘misleading’: while the term would seem to imply that it should be quantifiable, measurable and transparent, there are ‘no commonly accepted standards for measurement’ to measure social capital and thus no formal model for social capital. The third critique is about social capital being an interaction that exists in a group (Fukuyama, 1999; Rothstein & Stolle, 2002). Rothstein and Stolle (2002) claimed that the idea that group interaction will lead to the development of cooperation and trust inside the group has been narrowly founded. These authors claimed that people are selective in joining a group and that the cooperation that emerges inside a group will benefit only that group. They also stressed that group interaction and cooperation do not spill over into other groups or communities at large. In fact, group association is ‘narrowly based, competitive, [and] creates hate groups and inbred bureaucracies’ (Fukuyama, 1999). Fukuyama (1999) explained group interaction and cooperation in terms of a ‘radius of trust’. He clarified that the narrow radius of trust in group association means that the circle of group and trust only happens among its group members.

The fourth critique is with regard to externalities of social capital. Too much focus on group association will lead to neo-corporatism and rent-seeking (Fukuyama, 1999; Rothstein & Stolle, 2002). This rent-seeking behaviour, according to Fukuyama (1999), is regarded as ‘negative externalities’. Extensive focus on group as the platform to encourage the development of social capital may result in negative externalities in the sense that the group itself may take advantage to promote and flourish its group interest and outshine other groups and communities at large.

The fifth comment on social capital is the lack of research on the cause of social capital. Most studies have traced the historical experiences of social capital development. Due to less research on the identification of the cause of social capital, the policy makers thus ‘failed to stimulate policy action for present day development’ (Rothstein & Stolle, 2002). The sixth and final critique is regarding social capital as a private good (Fukuyama, 2001). Fukuyama stressed that most studies on private goods always ‘overwhelm’ the existence of social capital because the focus has been on the private good itself and not on social capital per se.

Social capital is important and valuable to generate trust. In defending social capital theory, Fukuyama (1999) observed that the absence of social capital will lead to political and societal dysfunction. He further stressed that a state needs social capital to prevent any political system from being characterised by waste, unresponsiveness, corruption and inefficiency. A society needs to be in an association to further realise its potentials and needs. Without social capital, the society will be left without a civil society and the state will be clueless in trying to fulfil the public needs. This will lead to a state of tyranny. In other words, social capital is important for the survival of a modern liberal democracy.

Thus, which type of social capital is important to build trust? A study by Myeong and Seo (2016) hypothesised that when the level of trust is low, government cannot provide services since the policy are not been understand fully and public complaints increase. They also found that social capital affects the whole of society including democracy, economic development, country’s competitiveness, policy non-compliance and organisational performance. Their study also found that the higher the income, the higher the level of trust towards government. Thus, government need to

increase their financial capacity, economic growth and service resiliency in order to gain public trust.

3.5.2 Post-Materialist Theory (PMT)

The idea of value changes from materialist to post-materialist originated with Ronald Inglehart (1981, 1986, 2008). Materialist values emphasised economic and non-economic issues (Inglehart, 1981, 2008). Inglehart's terminology on materialist values tends to be broader compared to Flanagan's (1987), who limited his materialist concern to economic causes such as economic conditions, rising prices, stable income, adequate housing and comfortable life. In contrast, Inglehart (2008) attached economic concerns with non-economic issues such as physical survival and safety.

Inglehart (1981, 2008) also suggested that individuals who satisfied the materialist values will gradually transform into post-materialists. Post-materialism is the complete opposite of materialism because the former stresses on the importance of nonmaterial needs and satisfaction (Inglehart, 1981, 2008), whereas post-materialist concerns are composed of self-expression values (Inglehart, 1981, 2008), giving priority to belongingness, aesthetic aspiration, personal and political freedom, participation, equality, tolerance, self-indulgence and self-actualisation (Inglehart, 1981).

The theory of value change from materialism to post-materialism, as propounded by Inglehart (1981, 2008), comes within two interrelated hypotheses: scarcity and socialisation. A scarcity hypothesis works under the concept of 'diminishing marginal utility of economic determinism'. In this sense, when economic growth and income equality have reached a stable level, scarcity diminishes (Inglehart, 1981). The citizens may no longer worry about economic and income inequality and other post-materialist concerns, and this will in turn shape the country's perspective.

Nevertheless, Inglehart (2008) stressed that countries with unstable economies and inequality of income will depend on the government to counterbalance the economic gap in the society. The socialisation hypothesis implies that an individual's personality will fully take shape when he or she is older. Van Deth (1983) further explained that Inglehart's connection between the two hypotheses is that, once the values are learned, the value orientation becomes more or less stable in later life. In this sense, post-materialism implies that economic growth and income equality will cause post-materialist values to flourish and these values will gradually grow.

Most critiques on the theory centre on the list of materialist and post-materialist values that Inglehart has outlined. Inglehart (1981, 2008) further developed an index to measure his respondents' value priorities and asked them to choose the following values: maintaining order, more say in decision making, fighting rising prices and freedom of speech. This index, as contended by Brooks and Manza (1994), assumes that the respondents cannot have both materialist and post-materialist values.

The second critique is on the idea of Inglehart's (1981, 2008) 'silent revolution'. According to him, changes from materialism to post-materialism as a result of economic growth and income equality may contribute to another bigger event, which is political resurrection. This political activism, as Inglehart (2008) clarified, happens because people have changed their value priorities, which have driven them to demand other forms of satisfaction. Van Deth (1983) criticised the 'silent revolution' as devoid of 'distributed noise', which is the level of political involvement.

The post-materialist theory developed by Inglehart (1981, 2008) has faced several critiques and modifications. The most important contribution of Inglehart's post-materialist theory is in the 'diminishing marginal utility of economic determinism'. Inglehart developed this idea based on Maslow's hierarchy of needs and further utilised

it until he reached a point of questioning when economy and income become stable and what happens next. This is where other values apart from those of materialists begin to flourish.

Building public trust in postmaterialism means that to search for values that are suitable to promote public trust. Government as service delivery need to inculcate positive values in daily works and instil positive attitude to attract the public. The use of government service is inevitable by the public, but does it enough to increase public trust?

3.5.3 Performance Theory (PT)

Performance theory, in relation to trust, emphasises the public's satisfaction and confidence in the performance of government particularly in service delivery (Heintzman & Marson, 2005; Christensen & Laegreid, 2005; Yang & Holzer, 2006). The link between performance and trust in public service, according to Bouckaert and de Walle (2001), has not been thoroughly investigated. The performance approach to trust can be classified into two types: macro performance and micro performance (Bouckaert & de Walle, 2001; Bouckaert & de Walle, 2003; Heintzman & Marson, 2005; Fard & Rostamy, 2007).

Macro performance theory stresses the fact that the physical outlook of a country can influence the amount of trust in the government (Bouckaert & de Walle, 2001, 2003; Heintzman & Marson, 2005; Fard & Rostamy, 2007). The physical outlook can be the level of unemployment, economic growth, and social and political conditions. Micro performance theory, on the other hand, relates that levels of trust and distrust in public service depend on the performance quality in terms of service delivery and functioning of the public administration (Bouckaert & de Walle, 2003). The quality of

performance will also influence the public's attitude towards the government (Bouckaert & de Walle, 2001; Bouckaert & de Walle, 2003; Fard & Rostamy, 2007). The public may become discontented and react towards low service performance, but good performance often goes unnoticed (Bouckaert & de Walle, 2003).

Micro performance is classified into two parts: political micro performance and government agencies micro performance (Bouckaert & de Walle, 2001; Heintzman & Marson, 2005). Heintzman and Marson (2005) further distinguished the micro performance of government agencies into bureaucratic and administrative micro performances. Bouckaert and de Walle (2001) elaborated that the performance of politicians is usually directed to acquire votes. They clarified that the performance of government agencies is usually used by politicians or the ruling party and relate performance to the success of government as a whole.

A few critiques have been addressed in evaluating performance theory as related to trust in government. The first argument is that the public's expectations towards government performance are usually high and that the government is unable to fulfil the expectations (Bouckaert & de Walle, 2001; Yang & Holzer, 2006; Behnke, 2007). According to Behnke (2007), the high expectations of the public have always been a challenge to government in serving public needs and thus influence public trust in government. One of the reasons for the existence of a gap between expectations and performance is due to the government's failure to balance the public's interests and coordinate with public expectations (Yang & Holzer, 2006). Bouckaert and de Walle (2001) relate public expectations with 'generalised negativity' where, if government performance and public expectations fail to match—even by a small difference—it will lead to 'generalised negative state'.

The second critique is in terms of the perception of the public towards the government (Yang & Holzer, 2006). Citizens may have a negative or positive perception towards the government regardless of its performance. One of the reasons for this phenomenon is the public-private stereotype in which everything regarded as public is considered bad and negative (Bouckaert & de Walle, 2001). The issue of stereotype also relates to the stereotype of bureaucracy (Bouckaert & de Walle, 2001), that is, the bureaucrats are considered ineffective and inefficient. Christensen and Laegreid (2005) contended that people who have positive perceptions of the government perceive it that way because they have confidence in the political parties or the government in power and vice versa.

The third critique is in terms of 'grievance asymmetry' (Yang & Holzer, 2006). Yang and Holzer (2006) asserted that grievance asymmetry implies that the public is usually not fair in evaluating government performance in the sense that low performance is always criticised and noticeable but it is not so for good or high performance by the government. They also relate public attitudes with overall trust in government.

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3.5.4 Principal-Agent Theory (PAT) or Agency Theory

Principal-agent theory, or agency theory, has its roots in the field of economics (Moe, 1984; Eisenhardt, 1989; Braun, 1993; Kassim & Menon, 2003; Worsham & Gatrell, 2005). Eisenhardt (1989) elaborated that economists first realised the dilemma faced in explaining about risk sharing among individual and groups. In market transactions, most of the interactions happen due to the selfish motives of individual or group behaviour to gain benefits (Braun, 1993; Mehrotra, 2011). Moe (1984) stressed that the emergence of agency theory is a departure from the neoclassical view of economy, which is based on profit and market transaction. The infiltration of agency theory into the study of political systems and public bureaucracy was discussed by Mitnick in 1973 (Moe, 1984) and began to take root in the 1980s (Braun, 1993).

Agency theory denotes the agreement between a principal and an agent whereby the principal delegates responsibility to the agent to carry out a task on behalf of the principal (Moe, 1984; Eisenhardt, 1989; Braun, 1993; Waterman & Meier, 1998; Kassim & Menon, 2003; Worsham & Gatrell, 2005; Behnke, 2007; Gauld, 2007). In addition, Gauld (2007) clarified further that agency theory rests with two conceptions. First, the activities of individuals and groups are motivated on the basis of pursuing their self-interest, in either private or public sectors (Braun, 1993; Kassim & Menon, 2003; Gauld, 2007). Second, the activities of the public sector, private individuals and organisations are defined in terms of relationships between parties (Gauld, 2007) which are secured by contracting (Moe, 1984; Gauld, 2007).

Agency theory is relevant to the study of political systems in the sense that it explains the relationship of actors in politics (Moe, 1984; Eisenhardt, 1989; Braun, 1993; Waterman & Meier, 1998; Kassim & Menon, 2003; Worsham & Gatrell, 2005; Moe, 2006; Behnke, 2007; Gauld, 2007). Behnke (2007) elaborated that the theory professes a relationship of delegation, representation, accountability and control between the democratic, sovereignty, parliament, government, and administration. She elaborated that, in a democratic country that has either a parliamentary or a presidential system, the dynamic of the principal-agent relationship will be between the public, the parliament/congress and the executive. The public is the principal and the parliament is the agent, and the parliament can also be the principal and the agent the executive (Behnke, 2007). Delegation of power will happen when a principal entrusts an agent with a certain task, and thus an agent should be trustworthy enough to carry out the responsibility (Kassim & Menon, 2003; Behnke, 2007).

The economic theory of a dyadic association between principal and agent is a smooth and limited relationship (Moe, 1984; Braun, 1993; Waterman & Meier, 1998), while the political system is more complicated and involves other parties (Braun, 1993). The triadic relation consists of a scientist as the third party as proposed by Braun (1993). Meanwhile, Waterman and Meier (1998) highlighted the existence of interest groups, multiple agents and principals that can influence the dyadic relations of principal and agent. Thus, the political system is a complex array of association that consists of actors in government, bureaucracy, third parties and the public. The system cannot be explained simply in a direct manner (Moe, 1984; Braun, 1993; Waterman & Meier, 1993).

The next important feature of agency theory is the focus on information that principal and agent initially possess or gain in the relationship (Braun, 1993; Waterman

& Meier, 1998; Kassim & Menon, 2003; Behnke, 2007). Waterman and Meier (1998) claimed that there is no precise explanation on what type of information is needed in this relationship. In this sense, they concluded that any information in line with the work of principal and agent is regarded as important information. Difficulty arises when the information gained is lopsided to one party, which means an agent has more information and has concealed that information from the principal (Braun, 1993; Waterman & Meier, 1998; Kassim & Menon, 2003; Behnke, 2007).

Information asymmetry mostly favours an agent (Braun, 1993; Waterman & Meier, 1998; Kassim & Menon, 2003; Behnke, 2007), which implies that an agent knows more than the principal about the problems, risks or shortcoming involved in the organisation (Behnke, 2007). This situation happens because an agent is closer to the information source than the principal, who already entrusted the agent to act on its behalf (Braun, 1993). In other words, asymmetry of information may lead the agent to engage in a shirking, opportunistic behaviour (Kassim & Menon, 2003).

Shirking by an agent happens when the agent avoids sharing information with the principal or other party (Moe, 1984). An agent tends to shirk when he or she feels that the sharing of information will not fully benefit them or that the benefit will have to be split equally with the other party. Shirking is also increased by 'slippage', which is the point where the structure of delegation provides room for independent manoeuvre by the agent without being monitored by the principal (Kassim & Menon, 2003).

In line with this, moral hazard and adverse selection are also the dilemmas that have to be faced in a principal-agent relationship (Eisenhardt, 1989; Braun, 1993; Waterman & Meier, 1998; Worsham & Gatrell, 2005; Gauld, 2007). Gauld (2007) explained that moral hazard occurs when a principal cannot observe the performance of an agent directly and thus has to depend on the agent's promise based on contract. In

this case, the agent can manipulate the situation by not doing much, and such a situation may worsen if the interest of an agent differs from that of the principal (Eisenhardt, 1989; Worsham & Gatrell, 2005). An agent can also shirk in such a case (Eisenhardt, 1989).

Adverse selection is related to the asymmetry of information between a principal and an agent (Gauld, 2007). In this sense, the principal may not have enough information on an agent's capability and background at the time of hiring and while working (Eisenhardt, 1989; Gauld, 2007). Worsham and Gatrell (2005) acknowledged that an agent may hide the required information because he or she does not have the necessary requirement and really want the job. The situation can be manipulated by an agent because the principal cannot verify an agent's skills and ability or has not put enough effort into finding out (Eisenhardt, 1989).

Certain conditions in a political system are unique to the public sector and bureaucracy, compared to the economy (Gauld, 2007). The first condition is the existence of multiple principals and multiple agents (Braun, 1993; Gauld, 2007). Public bureaucracy works on a chain of hierarchy and it has been served by many principals and agents (Moe, 1984). In this sense, agents' autonomy may increase and have opportunity for selfish action whereby the agents can play off one principal against another (Braun, 1993). On the other hand, Braun (1993) stressed that the principals also have an advantage in comparing the performance of agents, thus agents have to show their capability in their performance by fulfilling the wishes of the principals. Along these lines, Braun (1993) acknowledged that moral hazard is stronger in a political system than in an economy.

Divergence of interests also clouds the relationship between principal and agent (Waterman & Meier, 2005; Gauld, 2007). In this sense, the politicians are more

interested in the policies that will benefit them for re-election (Braun, 1993; Waterman & Meier, 2005). The bureaucracies, on the other hand, are more interested in institutionalisation and administrative systems (Waterman & Meier, 2005). Often political leaders do not have sufficient and detailed knowledge on each policy; they have to rely on bureaucracies for policy direction and implementation. This situation, as foreseen by Gauld (2007), is a deficiency of agency theory in explaining the complexity in the public sector, and it becomes worse when the principals are always changing due to re-election.

To counter the problems of lack of knowledge on the part of the principal, Gauld (2007) suggested that the principal needs a longer term to review policies. In searching for a solution to ascertain an agent's trustworthiness, Behnke (2007) said that the norms or ethics can be a motivating factor in solving this dilemma of the principal-agent relationship.

The important question can be asked here is that how to ensure an agent is trustworthy and accountable enough in working on behalf of the principal? The important part in the Agency theory is the agent motives/aims. An agent must always carry out the wishes of the Principal. He/She must be sincere in foreseeing the objective is fulfilled. Thus, how to ensure motive of an agent is the same with the principal? Even though democratic principal uphold the concept of fair chances and people's power, how many agents follow this concept?

3.5.5 The Expectancy Theory (ET)

Lewin (1938) and Tolman (1959) proposed that behaviour is a conscious intention of a person, which means that the action of an individual is actually purposive and goal-directed (Steer et al., 2004). The idea was later developed constructively by Vroom's

(1964) expectancy theory in explaining work motivation. Expectancy theory is a complex motivational model that was further reinforced and subject to several modifications since its inception (Nebeker & Moy, 1976; Taboli, 2012).

The three key elements in Vrooms's expectancy theory are expectancy, instrumentality and valence, which are related to one another by equation (Lunenberg, 2011). Expectancy is defined as 'a momentary belief of an individual that an act on his part will be followed by a given outcome' (Starke & Behling, 1975), whereas motivation is defined as a set of aspiration processes that stimulate, direct and engineer human behaviour in achieving a particular goal (Suciu et al., 2013). It is the force that makes a person perform a particular action due to the belief that his or her action will be followed by an outcome that has positive value or valence (Lawler & Suttle, 1973).

Instrumentality is the subjective belief of an individual that certain outcomes lead to the attainment of other outcomes. As for valence, there are two types: the valence of possible outcomes and the valence of job performance, which is the result of multiple interactions (Starke & Behling, 1975). Expectancy theory posits that the choice in an individual's decision is based on the act of choosing with the expectation of having the outcomes of maximum net benefit (Kopelman et al., 1978). This implies that motivation can be high when expectancy, instrumentality and valence are high.

Vroom's expectancy theory has been subject to several modifications and criticisms through the years. One of the critiques is on the lack of explicitness in the description of actions and outcomes that define expectancy (Lawler & Suttle, 1973; Starke & Behling, 1975). The lack of accuracy and specificity on what is meant by motivation was criticised as a drawback of this theory. Motivation was identified as the force to choose between high and low effort, but not elaborated on in detail (Nebeker & Moy, 1976). The critics also argued that expectancy theory mostly assumes that

individuals are rational in determining positive outcomes and that it fails to consider other forces in an environment and factors within an individual (Miller & Grush, 1988).

The critics suggested several reconceptualisations of the theory by including additional variables to complement the components of expectancy, instrumentality and valence. For example, Lawler and Suttle (1973) made a distinction between the expectancy that effort will lead to the successful performance of a behavioural action. Furthermore, the reconceptualisation effort also includes the combination of motivation and valence, which need to be associated with the performance alternatives. This means that, if the valence for high performance is greater than for low performance, an individual will be motivated to be a high performer (Nebeker & Moy, 1976; Kopelman et al., 1978).

The question rose how expectancy theory related to accountability and public trust? One study of the performance of civil servants applied Vroom's expectancy theory. The study found that one of the most important outcomes of motivation in public administration is that, as the civil servants increase their work involvement, they increase their commitment to the public institution and become more sincere in serving the citizens (Suciu et al., 2013). The attractiveness of these outcomes depends on the strength of positive expectations engineered towards the multiplicative behaviour of the civil servants. A number of factors will lead to positive expectations, such as ability, self-esteem, competencies, effort and commitment of the public servants (Lawler & Suttle, 1973; Scholl, 1981; Suciu et al., 2013). The findings of the study showed that evaluation of job performance is an important assessment that affects the work motivations of civil servants and the continuity of the expectations on the positive outcomes (Suciu et al., 2013).

3.5.6 Postmodern Theory in Organisation

According to Caldwell (1975), generation/society/power experiences several transitions where a series of trends and events have occurred, thus producing changes in the human condition. As iterated by Foucault (cited by Linstead, 2004, p.3), pre-modern, modern and postmodern characters differ and evolve in their interpretations of society, power, knowledge, identity, resistance and truth. As such, modernity came into being in the 18th century when it produced the doctrines of equality, liberty and universal reason (Boucher, 1999). The focus on organisational hierarchy, individual interest, economic/material interest, rationality, predictability and controllability of behaviour has built a foundation for organisational theory in modernistic ideas and practices (Kreiner, 1992). On the other hand, the rise of postmodernism in the 1960s and 1970s represents some kind of reaction to or departure from modernism (Kreiner 1992; Boucher, 1999).

The theory and the rise of postmodernism contributed a lot by the work of Jean Baudrillard, Jacques Derrida and Jean-Francois Lyotard (Hassard, cited by Groth, 2012, p.2). Post-modernism is the approach that correlates the emergence of new features in culture with the emergence of a new type of social life and economic order (Kreiner, 1992). According to Boucher (1999), there are four different types of postmodernism. First is postmodernism as a positivistic stance, the idea that modern institutions have altered and have entered a post-modern age. Postmodernism as a critical stance views postmodernism as a new way of viewing the world. Next, postmodernism is explained in terms of hard and soft postmodernism. Hard postmodernism denies the existence of universal truth and disputes the notion of rationality and reason. Soft postmodernism is the ontological existence of the social world, and has a strong relationship of continuity with modern traditions.

Postmodernism viewed as a positivistic stance and as a critical stance is actually a view of postmodernism as a lifestyle, not a period. As for hard and soft postmodernism, the approaches focused on postmodernism as a shift or transition of a society into a new era (Boucher, 1999). Postmodernism theory is based on several basic tenets: the movement of marginalized people (people of colour, people with disabilities and as such), the displacement of reason (rejecting reasons) and the rejection of meta-narratives and grand theories (rejection of one history or one truth) (Kreiner, 1992; Boucher, 1999; Groth, 2012). Postmodernism opened up critical thinking as a discourse in search of instabilities. Postmodernism rejects the positioning of reason in modern thought. For postmodernism, all rational acts are remedial and all acts can be explained. Postmodernism studies the relationship of organising and organisations as processes that happen within the wider body of society and knowledge from a wide variety of disciplines (Boucher, 1999; Groth, 2012).

Postmodernism explains that the existence of organisations is shaped by cultural and institutional values in their national setting, and it varies greatly across nation. Postmodernism expresses that agents act under a subjective rationality and depend on the social embeddedness of organisations. Thus, the practice of organisations is not universal and an agent's performance is based on the local environment (Clegg, cited in Groth, p. 2).

Boucher (1999) has listed some critiques in regards to postmodernism. Among them are: that postmodernism is actually a strong version of critical modernism; that modernism already includes reflective and critical rationalism; that decentring the role of rational purpose is not really new; and that postmodernism is just a style that will run out. However, as Kriener (1992) pointed out, what happens in an organisation is nothing more than a mask. Formal structure, stated policies, values and symbols are just a

masquerade, and these masks never vanish. However, the formal and normal existence in an organisation will eventually change, and these transformations are related to causal factors within the wider environment. Postmodernism is de-differentiation, which is explained as the gradual integration of jobs, the blurring of areas of responsibility, the increasing overlap of functions, the increasing flexibility and changes in team attitudes (Groth, 2012).

One question can be asked in this part is that with all sorts of changes happened around the globe, the pressures for government are immense, thus, can government agencies adapt to the changing nature of society today? With technology advancement, with all sorts of changes happened, how can accountability be exercise? How can accountability be strengthened? can government acquire public trust? Quirk (1997) pointed out that government agencies be it at federal, state or local level need to be accountable to everyone. The dilemma is how to equip every government servants with all the skills needed, externally and internally?

3.6 The Relationship of Theories to Public Trust and Accountability

The six theories mentioned have closed connectivity to the issue of public trust and accountability of organisation. Social capital theory is explained as a reciprocal relationship between two or more individuals resulting from mutual interest. Post-materialist theory centres on the concerns that arise when all material needs have been actualized, whereas performance theory considers the performance in an organisation due to macro and micro factors. Principal-agent theory explains that an agent has been entrusted with responsibility by the principal and thus must carry the work according to the principal's wishes. Expectancy theory states that the behaviour of a person is purposive and goal-directed. On the other hand, postmodernism states that the stability

that exists can become unstable and not all that happens in a country, government or organisation can be explained based on reasoning.

Present conditions in countries across the globe—protests against the ruling governments, the occurrence of natural disasters, the struggle for power—make the issues of accountability and public trust even more significant. Politicians make use of their positions to influence voters and administrators become more aggressive and bureaucratic, while the public is becoming more demanding and pressuring government to do what is right for them and their country as a whole. Thus, the questions of accountability of the public sector and the aim for public trust are never-ending phenomena. The connections among theories can be explained as follows: Principal-agent theory stresses that, in an organisation, the principal delegates the task or responsibility to an agent. Thus, an agent has the duty of serving the principal and upholding the interest of the principal. In public service, the agent is a public employee serving the needs of the public. In this sense, social capital theory explains that the mutual interaction and cooperation between an agent and the public are directed by mutual benefit and interest. In assessing the performance of public service employees, they are influenced by several guidelines that are apparent within their work areas.

In delivery of services, the public desires good performance—for example, fast response, attentiveness, care, etc., from public employees—and this translates into the satisfaction of the public. However, public service employees are influenced by other factors as well. This is what performance theory describes as the macro and micro influences of performance. Macro influence depends on the physical outlook of the country. As postmodernism describes it, the culture and environment of the country also influence the style of public organisation. On the other hand, micro performance is the

performance of government agencies as influenced by the ruling government, and this is in turn used by the government (politicians) to acquire votes from the public.

In assessing accountability of public service, reliance on the values of an agent is quite important. Accountable public service employees will lead to trust from the public. Social capital theory explains that trust and trustworthiness exist within individuals or groups who cooperate with each other. An agent or public service employee entrusted with the duty to serve the public should always follow the rules and guidelines as prescribed by the organisation.

What happens when there are instabilities or chaos within an organisation or a government as a whole? Postmodernism asserts that the static face of organisation/bureaucracy is not all-prevailing, meaning it can fail. Thus, in dealing a crisis—for example, a change in government, a change in administrative structure, economic recession or natural disaster—the people in power or administrators must always use value instinct to ensure they are accountable and responsible in the running of an organisation. The focus on ethical conduct is important for eventually gaining the trust of the public.

A society in a given country also plays important role in determining the stock of social capital and how these stocks determine the level of public trust. Thus, Most of the Western countries such as United States of America and United Kingdom are associated with open culture organisation easy to accept changes and adapt to a new phenomenon as compared to Asian countries which usually associated with closed cultures. Fukuyama (2000) asserted that in the Chinese part of East Asia and Latin America, social capital resides more in a family and this narrow-based trust does not mean that they are backward than other countries. The question imposed here is that in relation to accountability and public trust, how can countries such as Malaysia increase

the stock of social capital with multi-culture yet each ethnicity possessed unique identity? However, post-modernism offers hopes in light of globalisation and changes that happen around the world today. Society changes, alas, organisation also changes. The way government works in the new millennium is adapting to the current trends of technology and openness to online scrutiny. Thus, with changes happen around the globe, within and outside the organisation, is it possible for government to become more accountable and prudent in winning public trust?

3.7 Models of Public Trust and Accountability

Several studies which investigated the need for trust from the public towards the civil service have developed models on public trust. Various models for public trust towards the government provide significant background in exploring public trust. However, continuous investigations and establishments of public trust models throughout the years have shown deficiencies of the models. The studies also demonstrate the many interpretations of public trust and the attainment of it. Based on the observation of various models of public trust and accountability, most of the studies on public trust have incorporated accountability in their models either as independent, mediating or dependent variables. Several models are identified and explained as below.

3.7.1 Model 1

Figure 3.2 is the public trust model that proposes the role of trust in a modern administrative state as developed by Kim (2005). The model provides five dimensions—credible commitment, benevolence, honesty, competency and fairness—in order to achieve public trust. The model also suggests that the achievement of public trust is a reciprocal interaction that can lead to positive or negative relationships, and hence citizen cooperation. Information disclosure and citizen receptivity are the positive

interactions resulting from public trust. Additionally, control-based monitoring is a negative relationship that exists due to distrust towards the government. Control-based monitoring causes citizens to monitor the activities and demand a more accountable government.

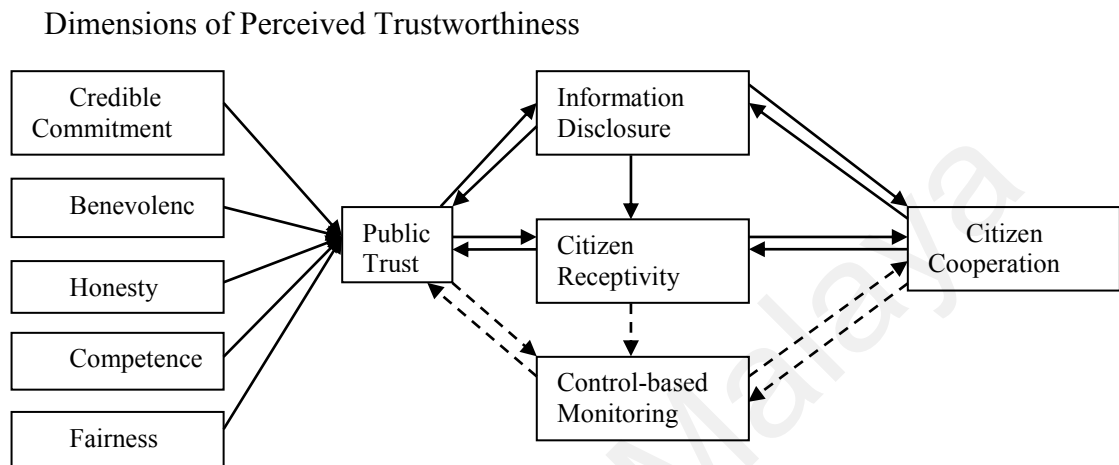


Figure 3.2: The role of trust in modern administrative state

Note:

→ Positive Relationship
 ← Negative Relationship

Source: Kim, 2005

However, the model has some limitations in that it has not been empirically tested. Therefore, it is not conclusive whether the model can work with real occurrences. The model also does not demonstrate trust measurement. It portrays only one dimension, in that it merely proposes that public trust can lead to citizen cooperation. It does not foresee how citizen cooperation can affect government performance.

3.7.2 Model 2

The second model, as shown in Figure 3.3, concerns ethics and public trust as developed by Feldheim and Wang (2004). The model hypothesises that public trust is influenced by five dimensions of ethical behaviour: integrity, openness, loyalty, competence and consistency. The survey was conducted on public managers and civil

servants to investigate whether the five ethical behaviours were exercised by public managers.

The findings showed that most of the public managers had exercised ethical conduct. However, a strategy is needed to improve public trust and ethical values among civil servants. The finding also concludes that, the more ethical the government is, the higher the trust it will gain from the public.

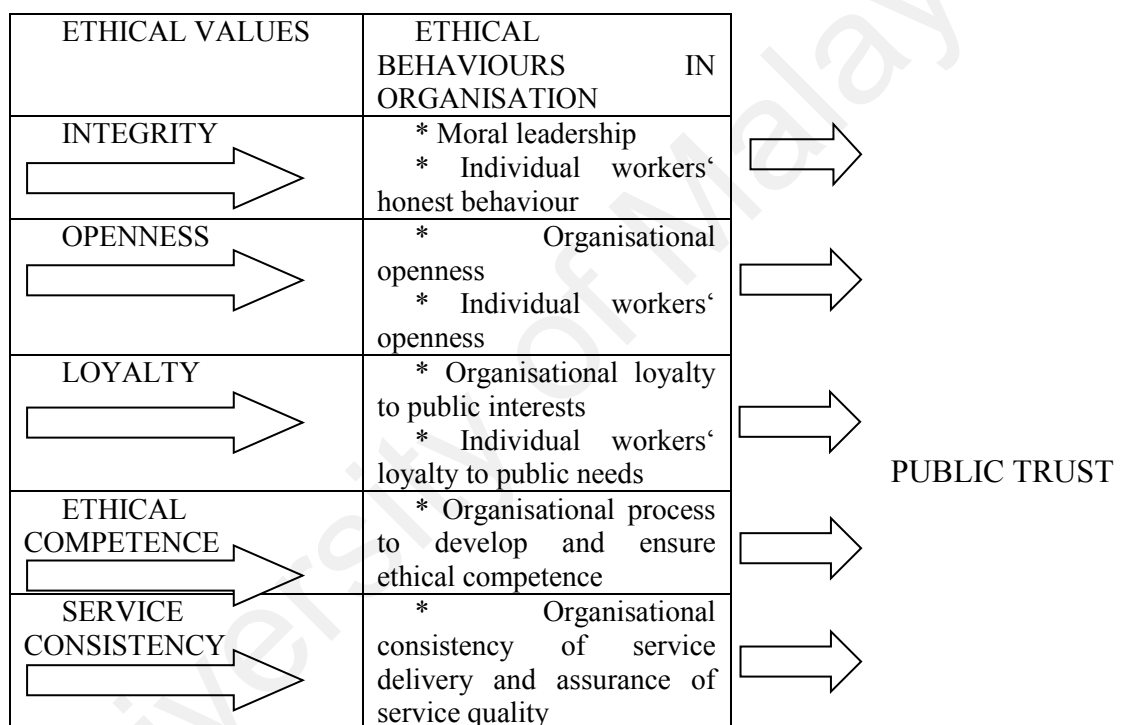


Figure 3.3: Ethics and public trust: Results from a national survey

Source: Feldheim & Wang, 2004.

Critiques of the model concern the fact that it only focuses on the perceptions of public managers and civil servants, not of citizens. The findings also show consensual agreement on the exercise of ethical behaviour among the public managers, but the real measurement of public trust should be whether the public managers and civil servants have exercised ethical behaviour in the perception of the public. In other words an

investigation on public trust should be conducted in both ways, from civil servants' view and also through the public lens.

3.7.3 Model 3

Figure 3.4 shows a conceptual model suggested by Heintzman and Marson (2005) in describing the relationship among people, service and trust.

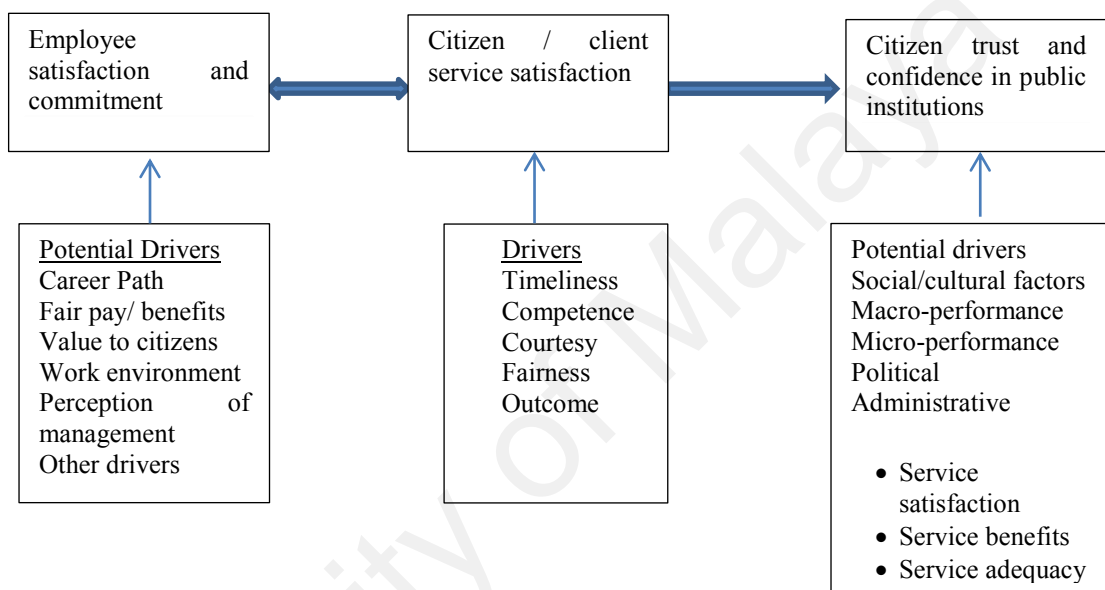


Figure 3.4: A Model for Public Sector Service Value Chain

Source: Heintzman and Marson (2005).

The model suggests a reciprocal relationship between employee satisfaction and commitment with citizen/client service satisfaction, which leads to citizen trust and confidence in public institutions.

Furthermore, the model also introduces several potential drivers needed in order to achieve citizen trust. One critique of this model is that it has not been tested empirically, and thus its significance has not been proven. Some of the drivers introduced seem to overlap. For example, the drivers for confidence and trust overlap the drivers for citizen satisfaction.

3.7.4 Model 4

Figure 3.5 provides a model of accountability as proposed by Fard and Rostamy (2007). This model hypothesises that public accountability affects trust by creating a feeling of satisfaction in citizens towards public service. It also hypothesises that the feeling of citizen satisfaction can be affected by the appearance of social trust, citizen trust and the media.

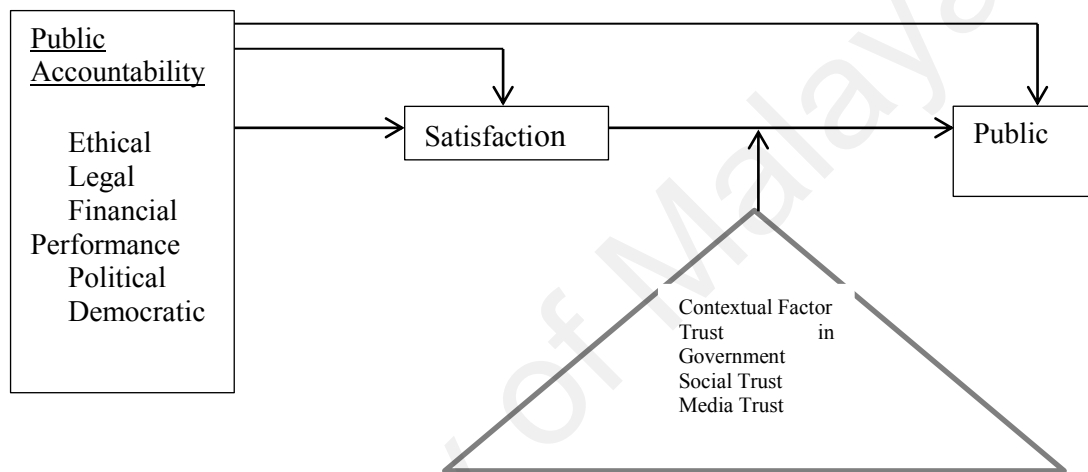


Figure 3.5: Promoting Public Trust in Public Organisation: Explaining the Role of Public Accountability

Source: Fard and Rostamy (2007).

The model suggests six dimensions—ethical, legal, financial, performance, political and democratic—as measurements of public accountability. In particular, the study investigated citizen perceptions of public accountability and uncovered that public accountability within the public service organisations was low. The citizens regarded the public service organisations as not fulfilling their duty, and most of the dimensions of public accountability as proposed by the model did not score high enough in terms of citizen satisfaction. This was concluded to have affected public trust.

The model shown is a comprehensive model of public accountability; thus, the need to clarify and discuss each dimension of public accountability and moderating

variables thoroughly is crucial. The findings of the investigation did not show which of the dimensions in public accountability affects public trust the most. The study also focused on one type of respondent, that is, citizens. Although citizen perception is important for investigating satisfaction and trust, the issue of public accountability should be shouldered upon civil servants because they are more knowledgeable in their field. Furthermore, citizen negativity towards public service performance is an open subject, and previous researchers tend to generalise one bad performance onto the overall performance of public service (Yang & Holzer, 2006).

3.7.5 Model 5

Figure 3.6 below presents the framework of the accountability relationship under the decentralisation developed by Ahmad et al. (2005). Originally there were two relationships of accountability: citizens holding policymakers or politicians accountable for allocating resources, and the policymakers in turn holding the service providers accountable for delivering the services.

The model below shows a third relationship of accountability with the emergence of decentralisation. The new relationship suggests the relationship between national policymakers and local policymakers. It examines how the accountability between national and local policymakers can have an important impact on the incentives facing service providers and the varying degree of outcomes.

The model of accountability relationship as shown is the acknowledgement of the impact of decentralisation on local governance. The implementation of decentralisation will narrow the jurisdiction served by the national government, which in turn will narrow the scope of public activities for which it is responsible. In this

sense, it becomes easier to hold the government accountable for improving performance.

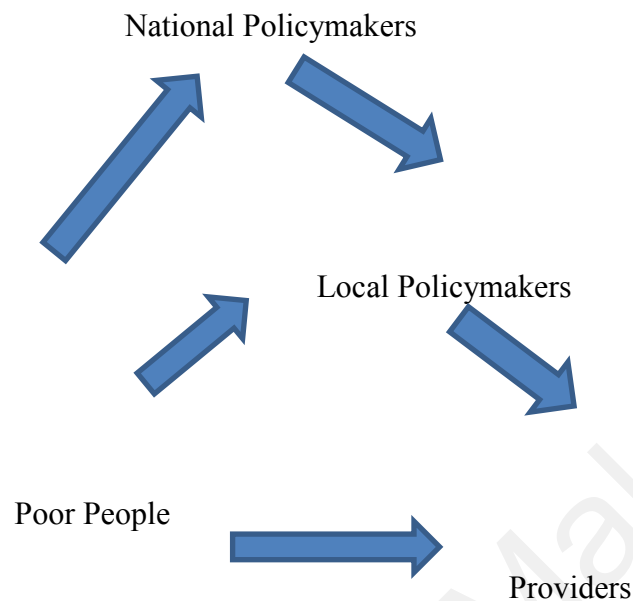


Figure 3.6: The Framework of Accountability Relationship under Decentralisation

Source: Ahmad et al., 2005.

3.8 Gap Analysis

Below are the identified gaps in the studies of public trust and accountability. The gaps provide the basis for further investigation on the effectiveness of trust and accountability when the concept is brought forward to the main service provider, which is the local government.

The first gap discovered is in terms of indefinite results regarding the implementation of social capital. The essence of social capital, as found from the literature review, shows several terms or subjects being mentioned continually by the authors. There is no definite meaning on social capital, thus several terms such as *norms*, *trust*, *relationship*, and *stock of social capital* have become the essence in discussing social capital theory. Social capital has also been observed through a variety

of functions performed through established relationships based on trust (Coleman, 1987; Putnam, 1994; Fukuyama, 1995).

Previous scholars have also mentioned that the successes or failures of any individuals, communities or countries in terms of politics or economy depend on the stock of social capital. In this sense, low stock of social capital will lead to political dysfunction or economic stagnation, whereas countries that have an abundance of social capital will prove otherwise. The literature also lacks evidence as to whether the emergence of honest leaders in some countries will make their countries prosperous and vibrant economically and politically. For example, efforts by an organisation leader to improve efficiency may lead to mixed response by fellow workers. Some will appreciate it and some will not. In this sense, social capital does not come in a package. Low or high stock of social capital depends on individuals in a group or people who reside in the country. It can be said that a majority in the community may enjoy a high stock of social capital, but, without capable leadership and efficient management, social capital tends to wither away.

Furthermore, the assertion that social capital is a public good and will always be available for public consumption (Coleman, 1987; Putnam, 1994) is confusing and subject to more discussion and elaboration. Putnam (1994) was adamant that social capital is always underprovided by private sectors. Conversely, Fukuyama (2001) claimed that social capital cannot be regarded as a public good. He stressed that most studies on private goods always ‘overwhelm’ the existence of social capital because the focus has been on the private goods themselves and not on social capital per se.

It must be stressed that social capital cannot be claimed as the property of public good or private good. It can be both. Both public and private sectors play prominent roles in producing social capital within their sphere of functions. There is no denying

that the radius of trust within the private sector is narrow, and thus norms and trustworthiness are confined within their vicinity. However, in conducting business transactions, trust comes into being and expands into a more open network of the transaction. In fact, public and private sectors are helping each other in producing the stock of social capital.

The second gap is the lack of studies in ethical accountability of local government in service delivery. Ethics or norms in an organisational study are subjective. Often the lists of ethical behaviours are endless and subject to individual interpretations. Thus, the list of ethical behaviours also contributed few studies on ethics, particularly on benevolence, honesty, fairness, integrity, responsiveness, transparency and loyalty, which were catered separately either in a public or private organisation. The present study focuses on several identified ethical behaviours that have contributed the most in local government service delivery and of important concerns by the citizens. In this sense, the six ethical behaviours of honesty, benevolence, loyalty, fairness, integrity and responsiveness appeared to be the most researched variables and thus are considered suitable to the environment of local government.

Fard and Rostamy (2007) contended that ethical accountability is one part of accountability that shares the same status as other forms of accountability. However, the present study has proven otherwise. Accountability is described as the situation where the action of a person, either an employee or an employer, in an organisation is accountable or responsible to some judgment. In other words, he or she must be responsible for the decisions and actions taken. In order to be accountable, some behavioural guidelines supported by values should be followed. Given this point, the present study stressed the importance of ethical accountability as a mediator to trust and

to research an area of study that has been scarcely conducted in nonwestern countries.

By this, the next gap observed is the scarcity of studies in nonwestern countries.

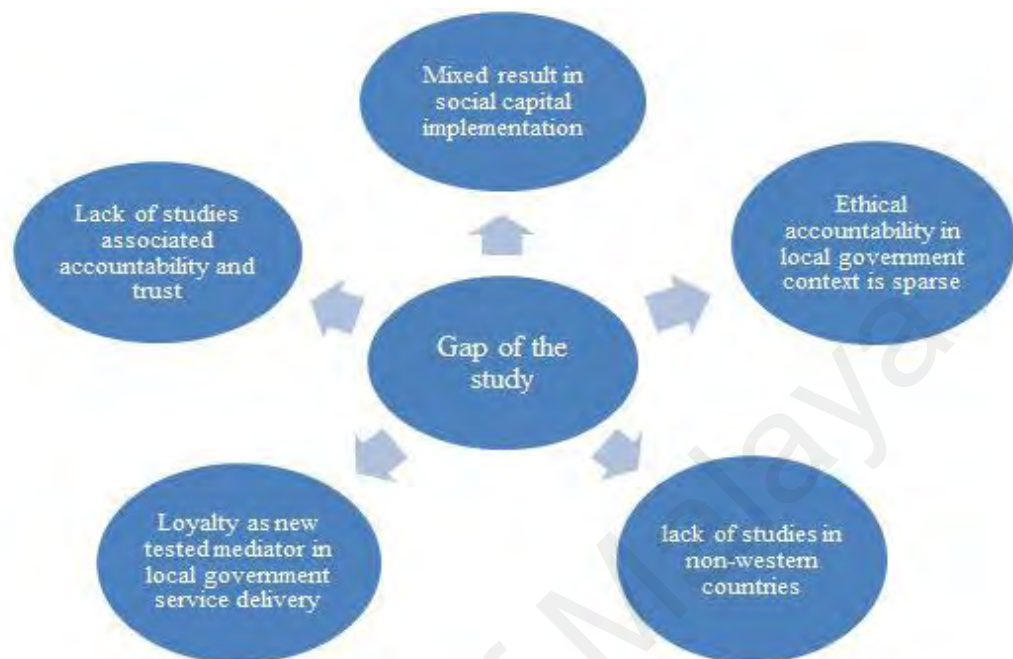


Figure 3.7: Identified gaps in literature

Source: Researcher.

Observation on the six ethical variables of benevolence, honesty, integrity, fairness, loyalty and responsiveness showed that these variables are the most discussed values in the studies. Most of the conclusions derived show values as playing an important role in increasing performance and also as being intrinsically significant in work motivation. Studies in regard to the five ethical behaviours in local government—benevolence, honesty, integrity, fairness and responsiveness—have already identified these factors as mediators to trust. However, only one study relates responsiveness as a mediator variable. Thus, studies on responsiveness as a mediator of trust are also scarce. The present study includes loyalty as a new selected mediator for local government service delivery. The gap discovered was that there is hardly any research on loyalty as a mediator in public organisation and, in particular, local government.

This study also explores the relationship between accountability and trust in local government services. The present study has uncovered that no thorough research has been conducted in terms of accountability and trust.

3.9 Chapter Summary

This chapter begins with the definition of trust and accountability as described in previous studies. The subsequent discussion focuses on the insight towards several key theories in exploring public trust and accountability within public organisations. Theories such as social capital, post-materialist, performance, principal-agent, expectancy and post-modern theories are considered in this study due to their focus on performance, values, motivation, and stakeholders' responsibility in fulfilling the duties entrusted.

The chapter also discusses several models of trust and accountability as expounded by several studies in the literature. In extrapolating trust and public trust, several variables have been indicated as determinants of trust. Most of these variables were construed towards values as important indicators of trust. Values such as credible commitment, benevolence, honesty, fairness, integrity, openness, loyalty, competency, quality, ability, shared values, opportunism and consensus building were most highlighted (Feldheim & Wang, 2004; Kim, 2005; Wang & Wart, 2007; Grimmelikhuijsen, 2009; Xie & Peng, 2009; Inghoff & Somner, 2010). There were also discussions on social/cultural factors, macro-performance and micro-performance as drivers to trust (Heintzman & Marson, 2005). On the other hand, accountability models are mostly directed towards discussions on how accountability works to capture satisfaction, confidence and trust within citizen or clients. The chapter focuses on the development of the model of public trust based on that discussion. The chapter concludes with the description on some identified gaps that motivate the study.

CHAPTER 4: THEORETICAL FRAMEWORK AND RESEARCH METHODOLOGY

4.1 Introduction

This chapter discusses the theoretical framework, research methodology and hypothesis development. The theoretical framework was developed based on the hypothesised relationship that expounded the importance of intervening variables as a mediator in the relationship between the independent and dependent variables. The section on research methodology describes the research process adopted to obtain the data for the study.

Six local authorities have been chosen representing the Federal Government (Kuala Lumpur) and State Government (local authorities in Selangor). These local authorities were selected because Kuala Lumpur and Selangor have delivered the greatest number of prescribed local services to the public. The issues of accountability of public services keep recurring in these two states. For example, councillors in Majlis Perbandaran Klang (MPK) in Selangor have been reported as using their positions to acquire certain projects and build additional buildings without permits. It also has been reported that in 2014, Malaysian Anti-Corruption Commission has arrested 223 public servants for bribery (SPRM, 2017)¹³. Complaints in regards to performance of local authority employees are also frequent in Selangor and DBKL. Although several efforts have been made to rectify these matters, the public regards this as still unresolved. Deterioration of public trust in local government institutions is felt mostly in service delivery. Hence, a poll on public trust was conducted in which the findings revealed that politicians and government officials were ranked lowest in the survey (Ipsos Mori, 2010). In fact, a poll survey done for Malaysia sees there are overall decline of trust in four key institutions in Malaysia (Toh, 2017). Although many efforts done by the

¹³ <http://www.sprm.gov.my/index.php/en/enforcement/statistics-on-arrests>

government to improve service delivery since 1980s until today such as the motto “Clean, Efficient and Trustworthy”, setting up Malaysian Institute of Integrity, Malaysian Public Complaint Bureau, Government Transformation Programme and as such, problems persist (Jamaliah et al., 2015). Alas, the practice of accountability is still less known by the public. Accountability should be linked to the broader feelings of involvement and influence.

4.2 Theoretical Framework

The main focus, or dependent variable, for this study is public trust. The key independent variable is accountability and the mediating variables are ethical accountability for this research. An independent variable, as Sekaran (2000) pointed out, is a variable that influences the dependent variable in either a positive or negative way.

Accountability is one of the indicators for good governance (Ryzin, 2009). Accountability is measured through administrative procedures and processes, thus the result on the practice of accountability can either be lack of accountability or otherwise (Wang & Wart, 2007).

A mediating variable (or intervening variable) is one that surfaces between the time the independent variables start operating to influence the dependent variable and the time their impact is felt on it. There is thus a temporal quality or time dimension to the mediating variable. In other words, bringing a mediating variable into play helps you to model a process. The mediating variable surfaces as a function of the independent variable(s) operating in any situation, and helps to conceptualise and explain the influence of the independent variable(s) on the dependent variable (Sekaran & Bougie, 2013, p. 75).

In this sense, ethical behaviours emerge during the practice of accountability and influence public trust (Sinclair & Irani, 2005; Wang & Wart, 2007).

The social capital and principal-agent theories lay the foundation for the development of the research framework. The present study acknowledges that

individuals in an organisation cooperate to achieve common goals that benefit both the organisation and the public at large (Fukuyama, 1995; Putnam, 1995a; 1995b; Fukuyama, 1999; Fukuyama, 2001). Social capital is complex and derived from all forces in the nation and, therefore, depends on the social life in that particular country. It can originate from the norms and culture in a society, networks in an organisation and social trust (Fukuyama, 1995).

Principal-agent theory (PAT), on the other hand, implies that the task or responsibility of public servants, particularly local government officers, is directed by the principal, and the employees as agents are given the task of providing the service to the public. As a result, the way public officers as agents in a public organisation react or respond to citizen requests depends on social capital. Low levels of social capital will lead to administrative dysfunction, inefficient public services, uncontrolled corruption and a „narrow radius of trust“ toward the government (Fukuyama, 1999, 2001).

Based on the intertwining theories of social capital and principal-agent, the framework below (Figure 4.1) shows the relationship between accountability and ethical accountability as a form of social capital. This form helps to achieve public trust.

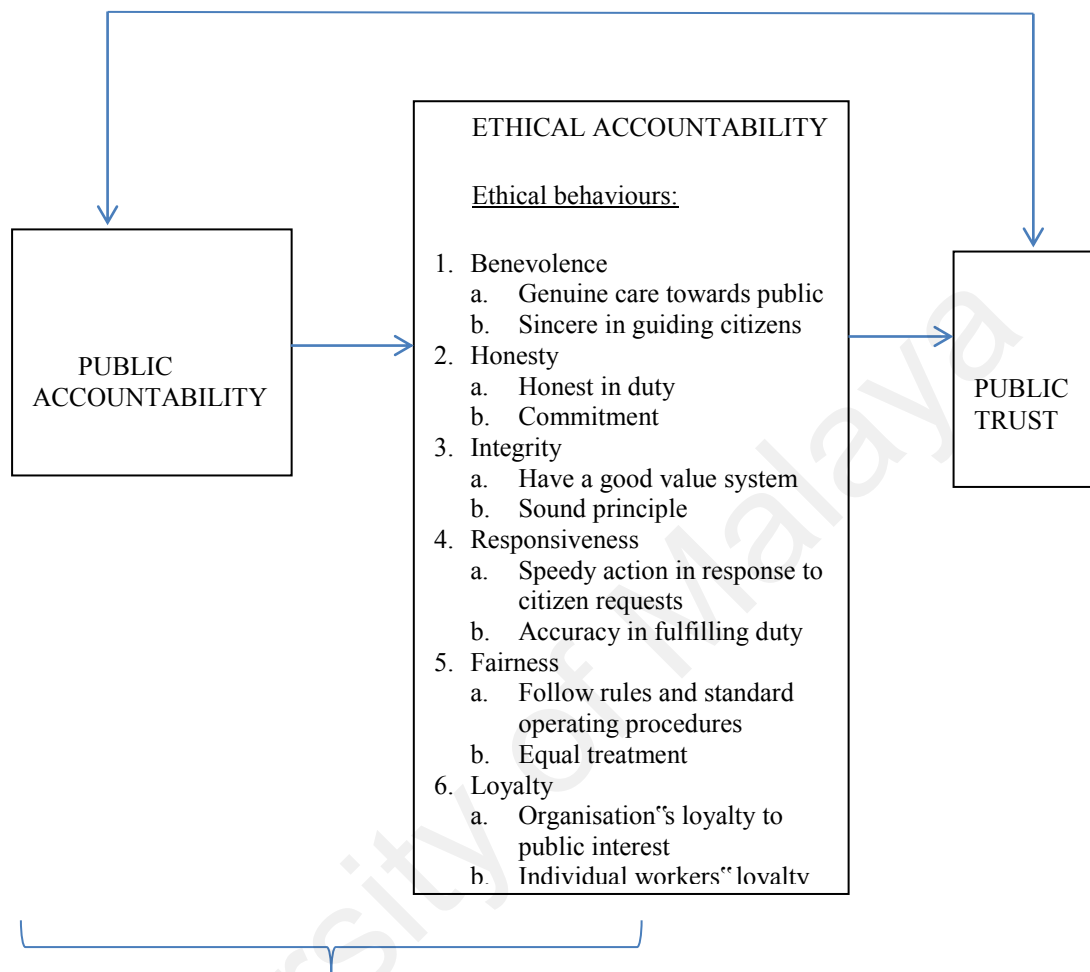
4.3 Hypotheses

A hypothesis can be defined as

a tentative, yet testable, statement, which predicts what you expect to find in your empirical data. Hypotheses are derived from the theory on which your conceptual model is based and are often relational in nature. Along these lines, hypotheses can be defined as logically conjectured relationships between two or more variables expressed in the form of testable statements. By testing the hypotheses and confirming the conjectured relationships, it is expected that solutions can be found to correct the problem encountered (Sekaran & Bougie, 2013, 83).

Figure 4.2 below shows the hypotheses generated on the basis of the direct and indirect relationships between the variables. The application of Smart-PLS software on

multiple mediator effects generates 19 hypotheses, of which 13 are the hypotheses for direct relationships and 6 concerned the mediator effect or indirect relationships.



Principal-Agent and Social Capital Theories

Figure 4.1 Theoretical Framework of Dependent, Mediating and Independent Variables Developed for This Study

Sources: Compilation from Wang (2002); Feldheim and Wang (2004); Heintzman and Marson (2005); Griffith et al. (2006); Fard and Rostamy (2007); Mesquita (2007); Borisova (2009); Xie and Peng (2009); Harris and Wicks (2010); Jones et al. (2010); Deghan and Shahin (2011); and Grimmelikhuijsen (2012).

4.3.1 Accountability and Public Trust

Efficient government institutions are important for the survival of democracy and its present authority (Peters, 2010). Accordingly, public administration has been reformed under the New Public Management in order to be more effective and efficient in service delivery (Schofield, 2001; Gauque, 2003; Peters, 2010; Vigoda-gadot et al., 2010).

Peters (2010) stated that the attention for responsible bureaucrats in public service can enhance public trust. In this sense, civil servants have direct contact with the public and they are at the front line to receive and process any application or request for goods and services (Gauque, 2003; Peters, 2010).

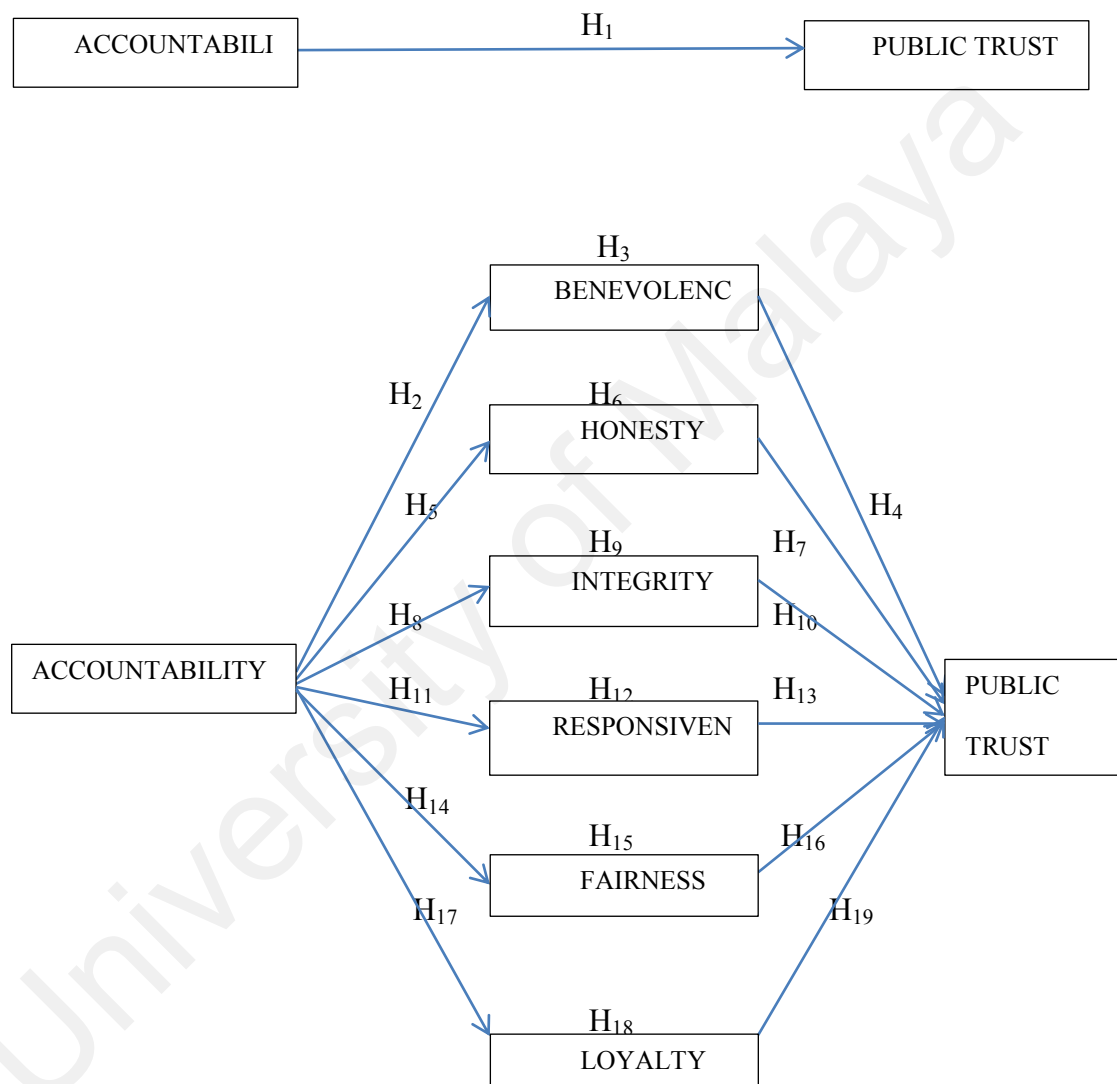


Figure 4.2: Research Hypotheses

The deterioration of public trust toward the government has been investigated in several countries worldwide. In one study, Hetherington and Rudolph (2008) evaluated time series data on political trust in the U.S from 1950 until 2011; Belwal and Al Zoubi (2008) studied people’s perceptions on e-governance as a tool in combating corruption and gaining trust in Jordan; Fard and Rostamy (2007) examined accountability and trust

in public services in Iran; and Cheung (2013) studied the issue of governance and trust in Hong Kong after the post-1997 transition of power.

Results from the survey showed a decline in trust among the public, although the conclusion was not universal (Putnam, 2000; Heintzman & Marson, 2005; De Walle et al., 2008). Putnam (1995b; 2001) noticed that political trust from the 1960s to the 1990s, as measured by rate of voter turn-out, went down to nearly a quarter, with the same pattern found in state and local elections. In 1992, a survey on American citizens was done, asking whether they trusted the government in Washington, uncovering a decline in public trust from 70% in 1966 to 25% in 1982. In another study, Hetherington and Rudolph (2008) drew time-series data on public trust in the United States and found that the public's trust of the American government fluctuated, with the highest recorded from the 1950s to the 1960s. A decline in public trust occurred in the 1970s and 1990s, in which a global decline in public trust towards government was marked in 1994. Nevertheless, the late 1990s showed a steady increase in public trust.

Social capital theorists such as Fukuyama and Putnam found that the decline in public trust has taken place due to the weakening of social capital. The stock of social capital was shrinking and societies were beginning to ignore the spirit of cooperation and networking. As Putnam (1995a) mentioned, social connectedness will increase trust; thus, the current situation in the society and economic difficulties contribute to the decline in public trust socially, economically and politically. Several reasons have been recognised to affect societal disconnectedness, such as busyness and pressure for time, economic difficulties, residential mobility, suburbanisation, the movement of women into paid labor and the stresses of two-career families, disruption of marriage and family ties, changes in the structure of the economy, as well as political and cultural disruption.

On the other hand, Fukuyama expounded that the disappearance of social capital nowadays is due to culture. In this sense, a capitalist economy contributes to the erosion of societal connectedness and increases individualism. The wave of transition in a society today gives rise to a decrease in trust (Fukuyama, 1999). Additionally, the society's stock of shared values in the American society and in other industrialised countries such as Japan and Germany comprises examples of highly group-oriented societies. They have widened the radius of trust and were willing to sideline family in favour of work in the evenings and weekends. Thus, trust is between people who are unrelated and centres on fellow workers and organisational networks. On the other hand, a narrow radius of trust is found in countries such as China, Hong Kong and the People's Republic of China (PRC), where trust centres on the family and kinship. In a larger scale of the narrow radius of trust, these kinds of societies that tend to trust their own ethnic group more than other ethnic groups are common in Asian countries.

Putnam (1995a; 1995b) conducted an extensive study on the influences of the decline of social capital in the U.S. and proved that social capital is deteriorating in the country. His study invited several critiques from other researchers, although he attested that the internal influences for the decline of social capital were the media (primarily television) (Putnam, 1995a, 1995b), education, generational effect or path dependence (Putnam, 1995a, 1995b; Fukuyama, 1999, 2001), and the state (Fukuyama, 2001). Education acts as an important contributor to the development of social capital, particularly in promoting civic engagement or disengagement (Putnam, 1995b; Fukuyama, 1999, 2001). Civic engagement means citizens' involvement or connection within their civil societies or communities (Putnam, 1995b; Fukuyama, 1999; Back & Kestila, 2009). Education can instil civic virtues among communities. Thus, civil societies with high levels of social capital can help to enhance these civic values (Rothstein & Stolle, 2002; Back & Kestila, 2009). Fukuyama (2001) further stated that,

in terms of education, investments in training and institutional infrastructure are needed for the development of social capital at the organisational level.

Accountability is an important measure of government performance in administration. Studies of accountability have also found that the rate of accountability in public service is low, and that the public trust is not high (Fard & Rostamy, 2007). Among the reasons are the rigid bureaucracy, rule-obsession, nonflexibility and strict monitoring of the activity of the staffs (Bovens, 2007). In contrast, it is a mixed blessing where, on one hand, it may hinder the practice of accountability but, on the other, employers and employees may work together to become more accountable and responsible to the public and thus secure public trust.

According to Fukuyama (1995, 1999) and Putnam (1995a, 1995b, 2001), the stock of social capital is shrinking; people are no longer feeling connected to each other and trust level is deteriorating. However, the stock of social capital can be increased, society can be reconnected and the spirit of cooperation and value appraisal can be raised. In other words the deterioration of trust is not permanent. This point hence addresses the first hypothesis of this study:

Hypothesis 1: Accountability influences public trust in the provision of local government services.

4.3.2 Accountability, Benevolence, and Public Trust

The general definition of benevolence is a selfless or genuine feeling of care and concern for other individuals or the act of philanthropy (Vitz, 2002; Ochs, 2012; Shounjin & Caccamo, 2013). The merchant elite of China have practiced the spirit of benevolence since the late seventeenth century. In fact, the practice of charitable activities rose concurrently with the transition in China, and nowadays the tradition has

transformed into „corporate philanthropy“, which began to rise in the early 1990s (Shounjin & Caccamo, 2013). The same view was held by Ochs (2012), who diagnosed the modern type of philanthropic act as having an assigned economic value for the end result of philanthropy.

Organisational benevolence means the attention of the employer toward the employees“ welfare (Martinez, 2002). Chan et al. (2013) elaborated that authoritarian leadership is destructive to employees“ motivation and self-development. This type of leadership can be controlled through benevolence leadership where leaders show concern, protection and guidance towards subordinates. However, Levine and Schweitzer (2014) found that benevolence may be more prevalent than honesty. He claimed that people lie, leaders or subordinates may lie, and the lies they tell are with the intention of benefitting others. Thus,

Hypothesis 2: Accountability influences benevolence in the provision of local government services.

Hypothesis 3: Benevolence influences public trust in the provision of local government services.

Hypothesis 4: Benevolence mediates the relationship between accountability and public trust in the provision of local government services.

4.3.3 Accountability, Honesty and Public Trust

People lie irrespective of their positions, whether they are leaders or ordinary citizens. In the United States of America, President Clinton lied about his sexual affairs. German“s Chancellor Kohl was accused of lying about financial support from industry for himself and the party. Pakistan“s former president was accused and sentenced for corruption (De Vries, 2002). There is a long list of scandals and lies involving political leaders in history, and it has also involved covering up issues at administrative levels of government (De Vries, 2002; Vadi & Jaakson, 2006). The act of honesty is a mixed

dilemma for some people and in some countries: the transformation from a common practice to a new standard of practice has at times impelled leaders or public employees to act dishonestly. Creating honesty within an organisation is one of the biggest challenges faced by most managers, whether in the public or private sectors (Hill, 2006). Vadi and Jaakson (2006) related the story of post-Soviet Russia during the Soviets' reign and after the transition in power. Most managers in post-Soviet Russia failed to act honestly because of the unrestrained capitalism where cheating and new illegal acts were rampant and not monitored. The study also found that the biggest challenge was how to facilitate a culture of values and honesty.

Honesty is one of the important substantive values that is close to trust; within organisations, corruption is the ongoing problem and destroys the tendency toward honesty (Rose-Ackerman, 2001). Corruption is a constant temptation because dishonest public officials have discretionary power to allocate benefits to themselves and impose some cost for the transaction (Di Giocchino & Franzini, 2008). One of the highlighted cases in the 1980s was „operation pretense“, where more than seventy public officials and vendors in twenty-six Mississippi counties were prosecuted for corrupt practices (Karahan & Razzolini, 2006). Rose-Ackerman (2001) iterated that the corrupt behaviour of government officers is due to the means they have in allocating resources. However, a study by Karahan and Razzolini (2006) found that corruption happens even when salaries are high for the high-ranked officers; it happens just because of the act of dishonesty. This scenario confirms that public officials need the encouragement that is beneficial at the individual or at the organisational levels of administration (Hill, 2006). Given the above points, the following hypotheses have been formulated:

Hypothesis 5: Accountability influences honesty in the provision of local government services.

Hypothesis 6: Honesty influences public trust in the provision of local

government services.

Hypothesis 7: Honesty mediates the relationship between accountability and public trust in the provision of local government services.

4.3.4 Accountability, Integrity and Public Trust

Another value proposition investigated in this study is integrity, which is described as an abstract concept. The concept differs from one person to another. Although there are no definite concepts of integrity, most studies relate the practice with the application of values, principles and norms in the daily operations of public agencies (Evans, 2012; Scott & Leung, 2012; Montfort et al., 2013). Walker (2005) associated integrity with several ethical practices such as accountability and transparency and stressed that the definition of the concept is still ambiguous.

In Bhutan, public service achieved the scores of 7.4 out of 10 as the highest score for overall integrity practices. Bhutan was also found to have low bribery cases (Anti-Corruption Commission of Bhutan, 2009). On the contrary, Taiwan Integrity Survey (TIS) in 2006 found a widespread perception that the integrity level had worsened and declined among politicians, executives and public agencies (Yu et al., 2008). Corruption became one of the forms of unethical conduct that were mostly associated with integrity (Yu et al., 2008; Scott & Leung, 2012). Most countries in the world have been facing issues with corrupted ministers and public servants. For example, in one global study of the perceptions on government effort in combating corruption, most of the respondents perceived that the government has not been effective and serious in combating corruption (Yu et al., 2008). Public scepticism about the government in regards to integrity and corruption showed the intense problem faced by the government and public agencies in their efforts to be efficient and compliant with good values. Given these points, the following hypotheses have been formulated:

Hypothesis 8: Accountability influences integrity in the provision of local government services.

Hypothesis 9: Integrity influences public trust in the provision of local government services.

Hypothesis 10: Integrity mediates the relationship between accountability and public trust in the provision of local government services.

4.3.5 Accountability, Responsiveness and Public Trust

Previous research showed that responsiveness in an organisation is a competing concept with responsibility (Stivers, 1994). As Manring (1994) realised, understanding administrative responsiveness cannot be done in isolation from administrative accountability. The focus on responsiveness is not a new phenomenon but neither is it a universally accepted principle in public administration (Yang, 2007). For example, a traditional and new public administration regards responsiveness in public administration as responsiveness to clients and customers (Yang, 2007; Yang & Pandey, 2007). This private sector of client-concept was utilised in public sector conception of responsiveness, but this association of responsiveness to clients or customers has brought prejudice and compromised professionalism in public administration for its narrow focus and failure to capture the mission of public agencies (Vigoda-Gadot, 2004). Thus, new public service values have redirected the focus of responsiveness as responsiveness to citizens (Yang, 2007).

Research on responsiveness has found a two-way interaction between the responsive actions of public servants and citizens (Franklin & Wlezien, 1997; Vigoda, 2000; Besley & Burgess, 2002). In this sense, the public needs to be responsive to policies and to the government, which in turn will reciprocate the same way (Franklin & Wlezien, 1997). Vigoda (2000) found that the excessive rule and rigid bureaucracy in civil service would reduce responsive capabilities in terms of speed and accuracy. Work

quality will be damaged but it can be resolved if civil servants remain sensitive and aware of citizens' needs. Moreover, a responsive outcome is difficult to measure. Steps that can be taken are for the public servants to be more attentive to public needs, such as by paying heed to public's opinion on the quality of services, the kind of services they want and their expectations (Stivers, 1994; Vigoda-Gadot, 2004; Heikkila & Isett; 2007). This conforms to what Stivers (1994) termed as „the listening bureaucrats“, where a responsive bureaucrat is more sympathetic and sensitive to public outcry. Given these points, the following hypotheses are formulated:

Hypothesis 11: Accountability influences responsiveness in the provision of local government services.

Hypothesis 12: Responsiveness influences public trust in the provision of local government services.

Hypothesis 13: Responsiveness mediates the relationship between accountability and public trust in the provision of local government services.

4.3.6 Accountability, Fairness and Public Trust

Discrimination is the antithesis of fairness. The practice of discriminatory behaviour toward others' well-being and institutional discrimination will result in the loss of human potential of individuals in utilizing their capability (Cheever, 2004). Additionally, the discussions on fairness within a society have shown clear contradiction in the perception of wealth and income generation among Americans, Britons and European community (Alesina & Angeletos, 1983; Pearce, 2007). The American society believes that wealth can be achieved with hard work and perseverance and that therefore there should be no excuse for being poor (Alesina & Angeletos, 1983). Capitalism is extensive in this society where income inequality is high. On the other hand, a study in Great Britain found that opportunity for wealth accumulation is

acceptable but there is more tolerance for government efforts to reduce economic disparities (Pearce, 2007). Beside this, the European community believes that poverty is due to bad luck; therefore, government intervention is needed for fair distribution of wealth (Alesina & Angeletos, 1983).

In an organisation, fairness is focused on performance evaluation in which fair performance evaluations can be based on the procedures of evaluation (Greenberg, 1986; Walsh, 2005). Several studies on performance appraisal have been conducted, and the one basic question that was asked was, „What makes a performance appraisal appear to be fair?“ (Greenberg, 1986).

Walsh (2005) iterated the findings of some researchers on performance appraisal that employees believed their performance was rated fairly under certain conditions while other employees perceived their performance appraisal system as neither accurate nor fair. Moreover, both the public and private sectors have the same opinion that a two-way performance interview or participative performance appraisal is a fairer way to conduct performance appraisal (Greenberg, 1986; Walsh, 2005). Thus,

Hypothesis 14: Accountability influences fairness in the provision of local government services.

Hypothesis 15: Fairness influences public trust in the provision of local government services.

Hypothesis 16: Fairness mediates the relationship between accountability and public trust in the provision of local government services.

4.3.7 Accountability, Loyalty and Public Trust

Weber distinguishes two types of civil servants: tenured professionals and elected politicians. Administrative loyalty lies in his terminology of politics as vocation. Politicians in a democratic system are accountable to parliament and, through it, the

people; thus, accountability is within this sphere of relationships as understood through the general principle of democracy (de Grafl, 2010; Tholen & Mastenbroek, 2013). This implies that administrative and political loyalty in Weber's ethos is associated with accountability. However, Weber's conception of loyalty has met several critiques where it is pointed out that the application of administrative and political loyalty is not as simple and straightforward in recent trends of government (Moynihan & Roberts, 2010; Tholen & Mastenbroek, 2013). Moynihan and Roberts (2010) stated that several U.S presidents had used their office to secure loyalty to the president, particularly by tightening the control of bureaucracy through political appointees. Rewards given to loyal political appointees and, in particular, civil servants can undermine the competency of public service. Studies have shown through experience in the US presidency that the act to secure loyalty does not increase support; instead, the level of support diminishes (Moynihan & Roberts, 2010; Wagner, 2011).

Exit-voice loyalty, as popularly applied in private sector, means that, when there is no improvement in the quality of services, users or consumers can exit from using the brand. The use of voice and exit are important in the private sector (Dowding & John, 2008; de Grafl, 2011). However, in public service, the use of exit is almost impossible. The evidence of loyalty in public service delivery is often translated into loyalty or affection to an area, which means that voice can be used to improve the quality of service and to show that the public is motivated for an effort to improve and support the public service (Dowding & John, 2008). Hirschman's depiction of loyalty in the public sector can be understood as loyalty towards an organisation (de Grafl, 2010). In this sense, loyalty is expressed through being faithful to an organisation and through the willingness to sacrifice. However, a civil servant's dilemma might occur when he has to follow the decisions of his superior and where those decisions reflect considerations of political power where the aim is more towards political interest (de Grafl, 2010;

Dowding & John, 2008). Tholen and Mastebroek (2013) stressed the need for checks and balances in exercising loyalty towards an organisation, politicians or an individual. Thus,

Hypothesis 17: Accountability influences loyalty in the provision of local government services.

Hypothesis 18: Loyalty influences public trust in the provision of local government services.

Hypothesis 19: Loyalty mediates the relationship between accountability and public trust in the provision of local government services.

Value focus in public sector has become more important nowadays; thus individual values are the most prominent determinants of work ethics (Vadi & Jaakson, 2006). Studies have shown that public servants are more often tempted nowadays to become unethical (De Vries, 2002; Vadi & Jaakson, 2006). Work insecurity is among the most highly cited concerns by the public servants when explaining their reasons for unethical behaviour (De Vries, 2002). Economic recession and need to reduce expenditures have resulted in the downsizing of public sectors, which served as a test of public servants' moral behaviour and motivation. As mentioned by Alford (2014), to justify the importance of value in public service is to draw a public value process map as translated from private sectors' value chain analysis. The act of mapping public value process can unearth several possible outcomes and what is valuable within the public sector (Alford, 2014). The rigorous effort can affect public trust positively.

The above-stated points centre around ethical values that have become the recent focus in government agencies, where value becomes an important explanation on some incidences that cannot be explained through the existing channel in public administration (Dubnick & Justice, 2006; Salminen, 2006; Martinsen & Jorgensen, 2010). Value is a contested concept that has many interpretations in public

administration studies (Salminen, 2006; Martinsen & Jorgensen, 2010). Some studies list examples of values such as accountability, honesty, integrity, competence and transparency (Dubnick, 2003; Salminen, 2006; Martinsen & Jorgensen, 2010). For example, Martinsen and Jorgensen (2010) explained that accountability is an open nature concept or „empty value“, which means that it is flexible and dependent on other values. As such, this study applies the concept of accountability as in the general understanding of responsibility or answerability and a signal for good governance. The trait depends on several values identified for the present study. Value focus is central to the discussion in this study. Ethical accountability is seen as an important means to achieve public trust. In this sense, six ethical accountability elements can be hypothesised to have a relationship with public trust. The elements are benevolence, honesty, integrity, responsiveness, fairness and loyalty.

4.4 Pilot Testing of Measurement Instrument

A pilot study was performed to refine the questionnaire and check for the validity and reliability of the data (Saunders et al., 2012). For the pilot testing, accountability accounted for 21 items; trust, 10 items; loyalty, honesty and integrity, 9 items each; fairness, 25 items, responsiveness, 7 items; and benevolence, 8 items. A total of 160 questionnaires were distributed and 89 questionnaires were returned, representing a response rate of 55.6%.

Respondents for the pilot test were local government staffs from three local authorities in Kedah. The demographic questions were designed to cater to the information on their residential status, which served to provide information on the respondents' background status and the type of housing in which they reside. The analysis revealed that most of the respondents have their own house (46.6%) and most

of them live in a single-storey terrace house (41.6%) within their local authority (75.9%).

During the pilot study, content validity was checked to ensure the adequacy of the items and „how well the dimensions and elements of a concept have been delineated“ (Sekaran & Bougie, 2013, 226). A validation check on the items by a group of experts is important to make sure each item truly measures the theoretical construct (Cavana, 2001). Content validity was checked by referring to some officers in Kedah local authorities.

The pilot study also served to check for the reliability of the questionnaire. As mentioned by Saunders et al. (2012), a pilot study will assess „the likely reliability of the data that will be collected“. The questions in the pilot study consisted of ninety-eight items from eight key variables (Table 4.1). To ensure the reliability of the items, low-loading items that were below 0.5 were deleted (Saunders et al., 2012) in order to keep necessary items for the field work. The numbers of items were reduced to ensure that the study respondents would not be unnecessarily pressured to answer items that would not be usable.

Table 4.1: Items Included in the Pilot Study for Accountability, Ethical Accountability, and Public Trust Components

Variables	Number of Items			Cronbach Alpha
	Total Items	Factor Loading		
		More than 0.5	Less than 0.5	
Accountability	21	19	2	0.957
Honesty	10	5	5	0.901
Loyalty	8	8	0	0.805
Integrity	9	6	3	0.884
Benevolence	12	8	4	0.884
Fairness	21	14	7	0.949
Responsiveness	7	7	0	0.919
Public Trust	10	7	3	0.877
TOTAL	98	74	24	

4.5 Research Process

The research process for the present study comprised eight stages (Figure 4.3), and each stage involved the connection with theory used in this study. The hypothetico-deductive method used in the study is a systematic method to derive knowledge in order to identify research problems and thus to conduct a scientific study (Sekaran & Bougie, 2013). The step-by-step approach involved three broad phases: formulation, execution and analysis (Hair et al., 2007). The formulation phase consisted of stages (1) to (6). The execution phase began at stage (7), and the final, analytical stage was the process in which findings were generated. It is important to note that the research process may not be unidirectional as shown in Figure 4.3. In practice the process was more complicated than just a mere description of the process (Sekaran, 2000; Hair et al., 2007). The researcher had to repeat certain parts in cycles to justify the study.

In the formulation phase, the research area and problems were defined and absorbed. Extensive readings and examination of the theory were conducted along with the formation of research questions and objectives. Chapters one, two, and three illustrate the problems and the literature. The execution phase took place once the hypotheses and scientific research design were in order.

In the execution phase, the data were collected through several means. A quantitative method was employed to distribute the questionnaires to the staff of local authorities. The method was applied because confirming the hypotheses required checking the relationship among the independent, mediating and dependent variables. Chapter four describes in detail the questionnaire development and subsequently the process of data collection.

In this study, standard equation modelling was used to analyse the data particularly by adopting the partial least squares technique (SMART-PLS). Once the

model was designed, the hypotheses were tested. Discussions on the findings and some suggestions were made if there was a need for improvement.

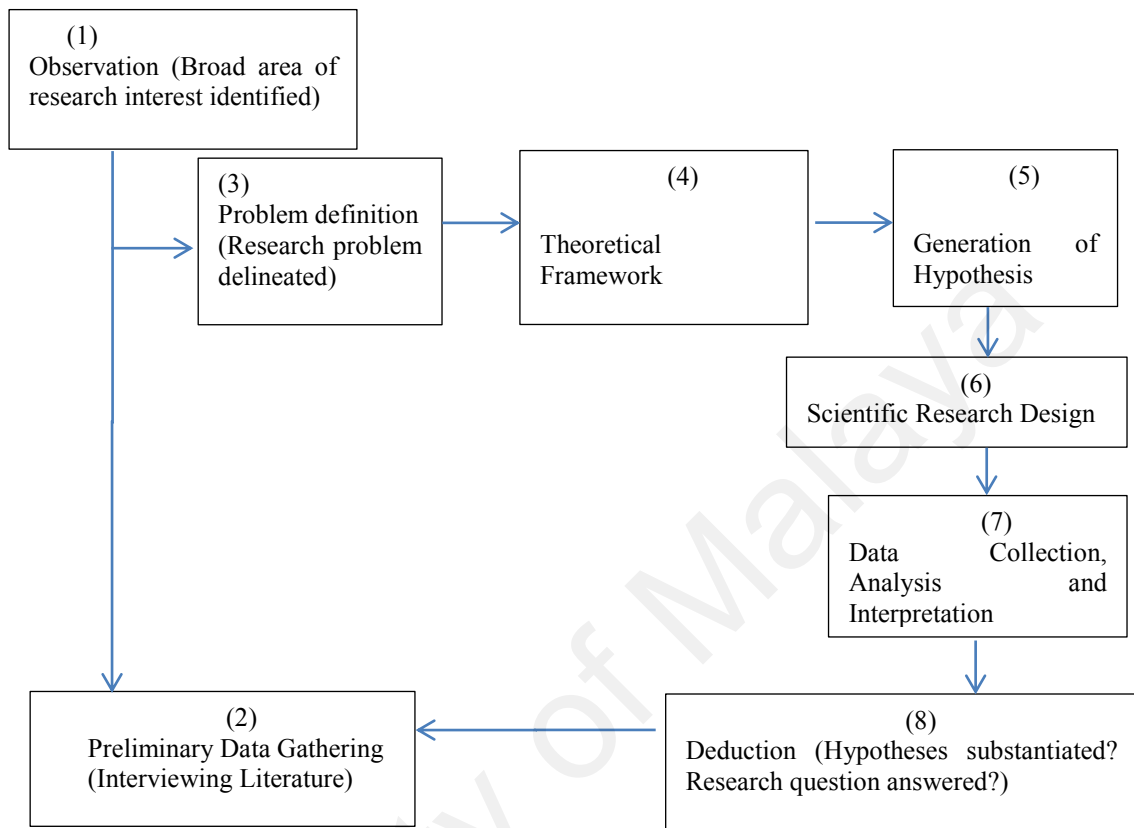


Figure 4.3: The Research Process

Source: Sekaran (1992).

4.6 Research Design

This study was designed to test several hypotheses in order to explain the nature of relationships among the independent, mediating and dependent variables. Accountability, which serves as an independent variable, has a direct relationship with public trust, which is the dependent variable. Ethical accountability, which is the intervening or mediator variable, is hypothesised to indirectly influence public trust.

The present study employed a cross-sectional survey in which the data were collected at one time over a period of two months from specific local authorities in

Kuala Lumpur and Selangor. This design is frequently used to document the occurrence of particular characteristics, opinions or beliefs in a population (Creswell, 2012). The use of cross-sectional analysis enables the testing of hypotheses and the identification of which hypothesis is the most prevalent for the study (Visser et al., 2002). The four key characteristics of survey research are (1) designing instruments for data collection, (2) sampling from a population, (3) collecting data through questionnaires or interviews and (4) obtaining a high response rate (Creswell, 2012).

4.7 Survey Questionnaire Development

The extensive literature study enabled the researcher to adopt and validate the instrument for the study. Two main principles governed the questionnaire design: to avoid confusion as much as possible and to simplify the wording of the questions (Neuman, 2006). In addition, no unanimous theoretical agreement was identified on the wording of the questions. Thus, in wording the questions, four rules were applied: the questions were to be brief, objective, simple and specific (BOSS) (Larossi, 2006).

4.7.1 Item Generation

A good questionnaire forms an integrated whole that can answer the research questions (Neuman, 2006). A survey instrument can be obtained by (1) adopting an existing available instrument, (2) modifying an existing instrument or (3) designing one's own instrument (Creswell, 2012). Saunders et al. (2012) explained that a researcher can develop new question(s) if no questions have been developed for that particular subject matter.

Accordingly, the new questionnaire was developed to reflect the genuine concern of the public on the services rendered by the local authority and hence lead to

the questions on satisfaction by the public in receiving the services. Questions in this study were adapted from various sources to meet the context of the study.

Table 4.2 shows eight constructs that consist of seventy-four validated questions. The items for accountability, honesty, integrity, fairness and responsiveness were derived from one source referencing, whereas the items for public trust, benevolence and loyalty were adopted and adapted from more than one author. The adoption and adaptation of more than one source referencing for each construct were carried out in order for the items to be clearer and explanatory of the subject matter.

4.7.2 Goodness of Measure

Goodness of measure was established through the determination of reliability and validity. A well-validated and reliable measure is important for a scientific research. It means that „the instrument we use in our research do indeed measure the variables they are supposed to, and that they measure them accurately“ (Sekaran & Bougie, 2013; 125).

Table 4.2: Total Number of Validated Questions

Construct	Number of Items	References	Cronbach Alpha (α)
Accountability	19	Wang (2002)	n.a
Public Trust	7	Sinclair and Irani (2005) Xie and Peng (2009)	n.a 0.92
Loyalty	8	Feldheim and Wang (2004) Deghan and Shahin (2011)	n.a n.a
Honesty	5	Grimmelikhuijsen (2012)	0.84
Integrity	6	Xie and Peng (2009)	0.89
Fairness	14	Jones et al. (2010)	n.a
Benevolence	8	Grimmelikhuijsen (2012) Xie and Peng (2009)	0.85 0.88
Responsiveness	7	Vigoda (2000)	0.70
Total	74		

(a) Reliability

Reliability refers to the consistency and stability of a measurement. It concerns the robustness of the questionnaire and whether the findings derived will stay consistent under different times and condition (Saunders et al., 2012). In testing the internal consistency of measures, two forms can be chosen: inter-item consistency and split-half reliability.

In this research, the reliability of a measure was handled by testing inter-item consistency. The purpose was to test the consistency of the respondents' answers. The Cronbach's coefficient alpha for a multipoint-scale item was tested. Cronbach alpha assumes that all items have equal loadings and are equally reliable (Hair et al., 2014). In most studies, the Cronbach's coefficient alpha proved to be the adequate method (Sekaran & Bougie, 2013). However, this research applies the Smart-PLS modelling techniques to check for the composite reliability. The method considers an item's individual reliability, as suggested by Hair et al. (2014).

(b) Validity

Internal validity refers to the validity of a research instrument, that is, „the ability of a questionnaire to measure what it intends to measure“ (Saunders et al., 2012, p. 429). There are several types of validity tests, including content validity, criterion-related validity and construct validity.

Content validity can be established through adequate coverage in the literature review and discussion with groups of experts in the field (Saunders et al., 2012). Opinions from a panel of experts are also called face validity. Content validity was used in this research by carefully studying the topic from the existing literature and theoretical grounds that were deemed suitable for the study. The questionnaires were

given to two local authority officers for comments and suggestions. The questionnaire was also scrutinised by academicians in the field of accountability and public trust. The opinions obtained from the officers concerned were in terms of wordings and suitability of the questionnaire. The comments and suggestions were considered to further improve the questionnaire.

The use of the partial-least squares (SMART- PLS) technique was essential in determining construct validity. The specific forms of construct validity are the tests of convergent and discriminant validity. This is discussed further in Chapter 5.

4.7.3 Scaling

The questionnaire comprises eight parts. The first is on accountability which consists of nineteen questions. The questions were rephrased to assist the respondents in understanding and comprehending the questions. A five-point Likert scale was used, which denoted 1-*strongly agree*, 2-*agree*, 3-*slightly agree*, 4-*disagree*, and 5-*strongly disagree*. The same five-point Likert scale was used to measure honesty, integrity, responsiveness, loyalty and fairness. Accordingly, for benevolence, a six-point Likert scale type was used in three of the eight questions to denote 1 for *not satisfied at all*, 2 for *not satisfied*, 3 for *less satisfied*, 4 for *satisfied*, 5 for *very satisfied*, and 6 for *highly satisfied*. A five- to six-point Likert-type scale is encouraged in the study because it would give better representation of the answers (Neuman, 2006).

4.8 Sampling

Sampling technique can reduce „the amount of data you need to collect by considering only data from a subgroup rather than all possible cases or elements“ (Saunders et al., 2012, p. 258). The selection of a sample should be representative of the population of

the study and able to produce reliable result and justifiable. The study focuses on local authorities in the state of Selangor and Kuala Lumpur City Hall.

4.8.1 Sampling Frame

Sampling frame is „a (physical) representation of all the elements in the population from which the sample is drawn“ (Sekaran & Bougie, 2013, 245). Thus, a sampling frame is useful in supplementing a list of the targeted population. A sampling frame or population frame was selected from the local government staffs. Kuala Lumpur City Hall represented the Federal Government and from Selangor local authorities.

Table 4.3 shows the overall distribution of local authorities in Selangor and Federal Territory of Kuala Lumpur. There are twelve local authorities in Selangor which represent the two local authorities for City Council (MBPJ and MBSA), six for Municipal Council (MPSJ, MPK, MPAJ, MPS, MPSEPANG and MPKJ) and four for District Council (MDKL, MDHS, MDKS and MDSB).

Table 4.3: Overall Distribution of Sampling Frame in Kuala Lumpur and Selangor

Local Authorities	Population	Estimated number of Local Authority Staff
Federal Territory of Kuala Lumpur		
DBKL		10000
Selangor Local Authorities		
1. MBPJ	613,977	1,563
2. MBSA	541,306	1,400
3. MPSJ	708,296	1,300
4. MPK	744,062	1,780
5. MPAJ	342,676	708
6. MPS	542,409	930
7. MPSEPANG	207,354	412
8. MPKJ	795,522	794
9. MDKL	220,214	357
10. MDHS	194,387	375
11. MDKS	205,257	440
12. MDSB	46,354	278
	Total	20,337

Source: Reorganised from Department of Statistics, Malaysia (2010).

Note: Employment size is based on estimates by several officers at local authority.

4.8.2 Study Sampling

The use of sampling method depends on a number of related natures and objectives of the study (Hair et al., 2007). In this study, simple random sampling was chosen, in which „every element in the population has a known and equal chance of being selected as a subject“ (Sekaran & Bougie, 2013, p. 247). Selangor has twelve local authorities from which five were randomly selected to represent the city council, two for municipal council and two for district council.

In addition, each local authority has an unequal size of staff when compared to each other. Each sample size was determined by the size of staffs in that particular local authority. Table 4.4 shows a total of 1,300 local authority staff persons in Kuala Lumpur and Selangor.

4.8.3 Justification of the Selected Sample

Four reasons justified the selection of the sample. First, the local government employees were selected as respondents to answer about public trust and accountability due to the fact that they are the staff of local government and at the same time lived in the locality, making them also recipients of the services. The study from the perspective of local government employees is significant because, apart from being the staff and the recipients of services, they also have a personal interest in observing the quality of services as taxpayers and stakeholders. The issue of biasness has proven of no issue since the reliability and validity of the item have achieved more than 95% level of significance. As mentioned in Chapter 5 in the thesis, reliability of items was measured through Cronbach Alpha and composite reliability that investigated both on internal consistency for each items. Whereas, validity of items was checked through convergent and discriminant validity (Hair et al., 2014) .

Table 4.4: Sampling Frame in Kuala Lumpur and Selangor Local Authorities

Local Authorities	Population	Estimated no. of local authority staff	Sample size	
			N	%
Kuala Lumpur City Hall (DBKL)	1.6	10,000	320	3.2
Shah Alam City Council (MBSA)	541,306	1,400	250	18
Klang Municipal Council (MPK)	744,062	1,780	280	16
Ampang Jaya Municipal Council (MPAJ)	342,676	708	150	21
Hulu Selangor District Council (MDHS)	194,387	375	150	40
Kuala Selangor District Council (MDKS)	205,257	440	150	54
	Total	2,0337	1,300	6.4

Source: Reorganised from Department of Statistics, Malaysia (2010).

Note: Employment size is based on estimates at local authority.

Second, the local governments were selected to investigate public trust and accountability. It is a well-known fact that local government serves as a field government and its personnel deal directly with the community. The successes and failures of local governments in delivering service will reflect on the higher levels of government. As an infra-sovereign government, the local government authority or power comes from the federal and state government. Previous studies have shown several criticisms and complaints regarding the functions of local government with regard to accountability of local government staff in fulfilling their responsibility as a service provider. Thus, accountability will certainly influence public trust.

Third, the pressure is increasing for efficient urban services. As a field government, the local government needs to be efficient and effective in delivering service. The changing nature of the government today due to the changing global trends has compelled the government to become more proactive and aggressive in its functions. In addition, the use of internet and other advanced machinery in today's world has given birth to more educated and learned citizens who know their rights and

can comprehend the situation of an inefficient local government. They are vocal in expressing their concerns and demands for immediate remedies by their local government.

Fourth, the selection of the Kuala Lumpur City Council (DBKL) and Selangor local authorities was due to the differing political ideologies within these two groups. Kuala Lumpur City Council (DBKL) is a local authority that carries the federal government agenda and is controlled by the ruling party, Barisan Nasional. The state of Selangor is ruled by the opposition-led political party that won the general election of State and Parliamentary seats for two consecutive general elections of 2008 and 2013. Furthermore, Selangor is the most developed state in Malaysia, and thus it demands for more services from the local authorities.

4.9 Data Collection

The study applied personally administered questionnaires in which the survey was confined in certain areas. The local authorities selected were willing to disseminate questionnaires to their staffs and collect them on behalf of the researcher. A self-addressed envelope was included for secrecy of answers. Each local authority officer was given a time frame of two weeks to distribute and collect the questionnaires. The researcher had to travel back and forth for the appointments with the officers involved.

One of the advantages of self-administered questionnaires is that the researcher can collect the questionnaire within a short period of time (Sekaran, 1992). A standard procedure was applied to all local authorities selected whereby the researcher sought permission in writing, met the officers responsible to distribute the questionnaire, and gave a two-week time frame for the officers in charge to collect and return the

questionnaire. These measures are important to avoid bias resulting from variations in procedure (Creswell, 2008).

Ethical issues were also considered. The researcher pledged confidentiality of respondents' individual information (Saunders et al., 2012). An envelope was supplied for each respondent for confidentiality and integrity purposes. In this way the respondents would not feel uncomfortable answering the questions honestly.

4.9.1 Data Editing and Coding

The respondent's questionnaires were then scrutinised to check whether the answers were clear of any issue. Aspects that were checked included nonresponses to the questions asked or questions that were left blank by the respondents. Accordingly, the researcher had to reject questionnaires that had more than 15% of unanswered questions (Sekaran, 1992). The preliminary accepted questions were then entered into a data file in SPSS. This step required the data to be coded into a numerical value.

4.9.2 Data Screening

Data screening was performed to address three significant issues in data. The measure served to ensure that the data used for the analysis are valid and clear from errors, either in the actual data in the measurement and statistical results.

The first issue was the problem of missing data. Missing data is a key problem in social science studies, and it occurs because the respondent, purposely or unintentionally, did not answer the question. Several ways can be adopted to compensate for missing data, such as an expectation-maximisation algorithm, exclusion of cases listwise, exclusion cases pairwise, and replacement with mean value (Pallant, 2010). For this study, the missing data were solved by using mean replacement. An

observation was removed from the data file if the amount of the missing data for each questionnaire and overall questions exceeded 15% (Hair et al., 2014).

Identification of outliers is also important to avoid any distortion in the data. Outliers are defined as extreme responses to a particular question or questions (Hair et al., 2014). Outliers, which can distort normality, were identified by using SPSS application of univariate analysis for boxplot and histogram.

To check on normality, this research focused on skewness and kurtosis. This step is important to determine whether the data can be tested by using PLS-SEM or other techniques in SEM. The investigation on normality shows that the data are not normal, and PLS-SEM is the best technique of modelling in this kind of research because PLS-SEM can handle non normal data (Hair et al., 2014).

4.10 Response Rate

Table 4.5 shows the total number of questionnaires distributed and the percentage of the questionnaires returned and accepted. A total of 1,300 questionnaires were distributed to six local authorities in the Federal Territory of Kuala Lumpur and Selangor. However, only 750 questionnaires were returned, yielding a 51.5% response rate. Several questionnaires were unusable due to (1) the respondents' leaving the answers blank, (2) the questionnaires being filled out by practicum students, (3) the missing response of more than 30% of the questions and (4) the presence of outliers. Respondents who did not answer more than 15% of the questions were also rejected. In total, the researcher had to reject 142 questionnaires. Thus, from 750 questionnaires returned, only 608 could be used for the investigation, thus generating 46.8% of valid questionnaires.

Table 4.5: Response Rate of Distributed Questionnaires

	Number of Questionnaires				
	Distributed	Returned	Unusable	Accepted	Success Rate (%)
DBKL	320	210	35	175	54.7
MBSA	250	103	8	95	34.8
MPK	280	207	69	138	49.3
MPAJ	150	73	11	62	41.3
MDKS	150	108	11	97	64.7
MDHS	150	49	8	41	27.3
Total	1,300	750	142	608	46.8

4.11 Endogenous Latent Variable - Public Trust Measurement

In most of the previous studies, public trust in public administration was measured by the use of surveys to evaluate the level of people's trust towards governments. For this research, the survey items for „public trust“ were adapted from Sinclair and Irani (2005) and Xie and Peng (2009). Because public trust was the dependent variable, the focus of the survey items were on post-trust, reflecting trust-believe and rule-base trust.

As denoted in Table 4.6, the original instrument focuses on private organisations and was modified to suit the needs of public service, particularly local government organisations. The respondents were asked to indicate their response using a five-point Likert scale that ranges from *strongly agree* to *strongly disagree*.

4.12 Exogenous Latent Variable – Measurement for “Accountability”

The measurement of accountability originated from the National Survey of Accountability in U.S cities created by Wang (2002). The queries on accountability centre on the challenges of accountability, service activities and outcomes, and accountability activities. Table 4.7 shows the original version of the scale items and the modified scale items used in this study.

Table 4.6: Public Trust Scale Items

No	Original Scale Item	Modified Scale Item	Reference
1	U.S government agencies have regulations that specifically apply to the production of biotech crops.	This local authority has regulations that apply to the provision of urban residential services.	Sinclair and Irani, 2005
2	U.S government agencies have clear rules for the production of biotech crops.	This local authority has clear rules for the provision of urban residential services.	
3	Generally speaking, this company is dependable.	This local authority can be depended upon.	Xie and Peng, 2009
4	Generally speaking, this company is reliable.	This local authority is reliable.	
5	Given the company's response, I would condemn it.	Given the local authority's response, I would condemn it.	
6	Generally speaking, I trust this company.	This local authority is trustable.	
7	I am willing to recommend this company to my relatives and friends.	I am willing to praise the services provided by local authority to my relatives and friends.	

4.13 Endogenous Latent Variables – Measurement of “Ethical Accountability”

The measurement of ethical behaviours was created by adopting the scale measurement used by Wang (2000). The scale was originally provided by Butler and Cantrell (1984), who stressed the multidimensional nature of behaviours. Several dimensions of ethical accountability were extracted and used as the measurements for this study.

The first type of ethical accountability measured was loyalty, and the item was adopted from Feldheim and Wang (2004) and Deghan and Shahin (2011). The indicators for loyalty were loyalty to the public and loyalty to an organisation.

As shown in Table 4.8, the loyalty scale item was constructed in a way to suit the local government services. The respondents were asked to rate their response using a five-point Likert scale that ranges from *highly agree* to *highly disagree*. On the other hand, for honesty scale items, it was adapted from Grimmelikhuijsen (2012), as shown in Table 4.9. The respondents were asked to rate the answer by using Likert scale responses from „strongly agree“ to „strongly disagree“. Honesty items were measured based on day-to-day interaction between public and local authority officers.

Table 4.7: Accountability Scale Items

No	Original Scale Item	Modified Scale Item
1	In our administration, we have developed information system to access financial data.	This local authority has developed an information system to access financial data.
2	In our administration, we have developed a monitoring system to detect unusual financial practices.	This local authority has developed a monitoring system to detect unusual financial practices.
3	Our city can maintain existing service levels.	This local authority can maintain existing service levels.
4	In our administration, we have accurately tracked revenues & costs.	This local authority has accurately tracked revenues & costs.
5	In my administration, we inform residents, elected officials, and the business community about organisation-wide policy priorities, service goals.	This local authority informs citizens and stakeholders on organisation-wide policy priorities and service goals.
6	In my administration, we inform residents, elected officials, and the business community about trends of performances indicators.	This local authority informs citizens and stakeholders about trends of performances indicators.
7	In my administration, we inform residents, elected officials, and the business community about debt obligations, debt levels & legal debt limits.	This local authority informs citizens and stakeholders on debt obligations, debt levels & legal debt limits.
8	Our city can continue paying for the services we provide.	This local authority can continue paying for the services it provides.
9	In my administration, we inform residents, elected officials, and the business community about major capital projects & significant changes in capital expenditures.	This local authority informs citizens & stakeholders on major capital projects & significant changes in capital expenditures.
10	In my administration, we inform residents, elected officials, and the business community about major expenditure structures, estimates & trends.	This local authority informs citizens & stakeholders on major expenditure structures, estimates & trends.
11	In our administration, we have developed policies & procedures to adequately safeguard assets.	This local authority has developed policies & procedures to adequately safeguard assets.
12	In my administration, we inform residents, elected officials, and the business community about service goals & objectives of organisational units (departments, programs).	This local authority informs citizen & stakeholders on service goals & objectives of organisational units (departments, programs).
13	In my administration, we inform residents, elected officials, and the business community about citizen survey results.	This local authority informs citizen & stakeholders on citizen survey results.
14	Our city can reduce citizen criticism of services provided.	This local authority is able to reduce citizen criticism of services provided.
15	In my administration, we inform residents, elected officials, and the business community about major revenue sources, estimates & trends.	This local authority informs citizens and stakeholder on major revenue sources, estimates & trends.
16	In my administration, we inform residents, elected officials, and the business community about performance measures of activities (outputs) by units.	This local authority informs citizens and stakeholders on performance measures of activities (outputs) by units.
17	In our administration we have closely monitored our service delivery procedures & performances.	This local authority closely monitors our service delivery procedures & performance.
18	In our administration, we have developed information systems to access performance data on service delivery.	This local authority has developed information systems to access performance data on service delivery.
19	Our city can provide high quality of public services.	This local authority can provide high quality of public services.

Table 4.8: Loyalty Scale Item

No	Original Scale Item	Modified Scale Item	Reference
1	I would not switch to a competitor, even if I had a problem with the product/services of the company.	I would turn down another job that offered quite a bit more pay in order to stay with this local authority.	Deghan & Shahin, 2011
2	I consider myself to be a loyal patron of the company.	Most employees would stay on in the organisation.	
3	I consider myself to be a loyal patron of the company.	I consider myself to be loyal to the local authority.	
4	Most employees understand the needs of the public.		Feldheim & Wang, 2004
5	Achieve high citizen satisfaction for public services.		
6	Provide services the public needs.		
7	Satisfy public needs.		
8	Achieve public consensus on service priorities.		

Table 4.9: Honesty Scale Items

No	Original Scale Item	Modified Scale Item	Reference
1	The (trust object) is honest.	The local authority is honest.	Grimmelikhuijsen, 2012
2	The (trust object) is sincere.	The local authority approaches citizens in a sincere way.	
3		The local authority is sincere in delivering its responsibilities.	
4		The local authority admits to its strength and weaknesses.	
5	The (trust object) keeps its commitments.	The local authority keeps its commitments.	

Table 4.10 shows the integrity scale items adapted from Xie and Peng (2009). The five-point Likert scale was used for the respondents to rate their response from *strongly agree* to *strongly disagree*. The integrity scale items were measured based on the organisations' overall policies, rules and regulations, and value system.

Table 4.11 lists the fairness items that were adapted from Jones et al. (2010). The respondents were required to rate the statements by a scale of *strongly agree* to *strongly disagree*. The queries on fairness were in terms of fair rules and laws, and the queries on general fairness were in terms of government policy whether it benefitted the public at large or only some segments in the society.

Table 4.10: Integrity Scale Items

No	Original Scale Item	Modified Scale Item	Reference
1	Judging from the corporate response, I believe the company has a good value system.	Judging from the local authority response, I believe the organisation has a good value system.	Xie and Peng, 2009
2	Judging from the corporate response, I believe sound principles guide the company's behavior.	Judging from the local authority response, I believe sound principles guide the organisation's behaviour.	
3	I believe the corporate response has a great deal of integrity.	I believe the local authority's response to complaints received has a great deal of integrity.	
4		There are explicit ethics and integrity vision, goals, policies, statement or program in this local authority	
5		Ethics and integrity are neither recognised nor discussed in any business-related fashion (reverse coded).	
6	I believe the corporate response has a great deal of integrity.	I believe the local authority responds to complaints received honestly.	

Table 4.11: Fairness Scale Items

Original Scale Item	Modified Scale Item	Reference
Now think about a large public sector employer, like a council. What if that doesn't have many staff from a particular group of people. Do you think that a council should be expected to make extra efforts to recruit people from this group when it needs new staff?	Existing laws allows for officers to be treated well.	Jones et al., 2010
	Existing laws allows for employees to be treated well.	
	Existing laws help create a more equal society.	
	Laws are needed to ensure that people are treated fairly.	
Here is a list of things the government could try and achieve. Which do you think should be its highest priority, that is the most important thing it should try and do? Please read through the whole list before deciding. a. Improve standards of education. b. Ensure that the rights of all groups in society are respected and protected. c. Improve housing. d. Help the economy to grow faster. e. Reduce differences in how different groups of people get on in life. f. Improve people's health. g. Cut crime. h. Ensure that everyone in this country has the same opportunities to get on in life. i. Improve the environment. j. Improve public transport. k. Ensure that everyone is treated exactly the same, regardless of their background.	Improve standards of education.	
	Ensure that the rights of all groups in society are respected and protected.	
	Induce the economy to grow faster.	
	Improve on housing (including affordable housing).	
	Reduce differences in how different groups of people get on in life.	
	Improve provision of health services.	
	Reduce crime.	
	Ensure that everyone in this country have the same opportunities to get on in life.	
	Improve the environment.	
	Improve public transport.	

The *responsiveness* items were adopted from Vigoda (2000) (Table 4.12). Following Vigoda (2000) statement on responsiveness, speed and accuracy in handling complaints and respond to feedback are the indicators for responsiveness in this study. The five-point Likert scale of *strongly agree* to *strongly disagree* was used for the respondent to rate the items.

As shown in Table 4.13, benevolence scale items were adapted from two sources. Seven items were adapted from Grimmelikhuijsen (2012) and one item was adapted from Xie and Peng (2009). The scale item on satisfaction was adapted by the researcher to portray the perception of the public when they received the services.

Table 4.12: Responsiveness Scale Items

Original Scale Item	Modified Scale Item	Reference
This municipality is making a sincere effort to support those residents who need help.	This municipality is making sincere effort to support residents who need help.	Vigoda, 2000
	There are avenues for feedback.	
	The local authority officers are approachable.	
This municipality responds to public requests quickly and efficiently.	The local authority officers are helpful.	
	This local authority welcomes feedback.	
This municipality seriously responds to public criticism and suggestions for improvement.	This municipality responds to public requests quickly & efficiently (within a week).	
	This municipality takes public criticism & suggestions for improvement as serious.	

4.14 Method of Analysis

Several notable techniques can be used for quantitative data analysis. Nevertheless, the applications of multivariate techniques such as multiple regression, factor analysis, multivariate analysis of variance and discriminant analysis only examine a single relationship at a time. In line with this, the use of structural equation modelling is a technique that examines a series of dependence relationships (Hair et al., 2010). This study applied structural equation modelling, in which the data gathered were analysed

using partial least squares (SMART-PLS 2.0) technique. Prior to the data analysis, the data were screened for non-normality and common method bias with Statistical Package for the Social Science (SPSS).

Table 4.13: Benevolence Scale Items

Original Scale Item	Modified Scale Item	Reference
This company treats customers with respect in responding to negative publicity.	This local authority treats its citizens with respect in responding to negative publicity.	Xie and Peng, 2009
The (trust object) is genuinely interested in the well-being of citizens.	The local authority is genuinely interested in the wellbeing of citizens.	Grimmelikhuijsen, 2012
	Genuine satisfaction of residents with local authority services.	
	Genuine satisfaction of commercial operators with local authority services.	
The (trust object) acts in the interest of citizens.	Genuine satisfaction of industrial operators with local authority services.	
	The local authority acts in the interest of citizens.	
	The local authority officers are willing to go to the ground.	
	If citizens need help, the local authority will do its best to help them.	

4.14.1 Standard Equation Modelling (SEM)

The Standard Equation Modelling (SEM) was used to test the relationship between multiple variables involved in the analysis. The method explains the relationship among the variables. Two types of variables in this study were measured: observed variables and unobserved (latent) variables (Hair et al., 2010). The two approaches in SEM are covariance-based SEM (CBSEM) and variance-based SEM. The covariance-based SEM includes AMOS, LISREL and MPLUS, whereas the variance-based SEM includes Smart-PLS, PLS Graph, WarpPLS and visual PLS.

The commonly used technique in covariance-based SEM is AMOS, whereas for variance-based SEM, Smart-PLS is the common choice. These two techniques are further explained below.

(a) Analysis of Moment Structures (AMOS)

The analysis of moment structures (AMOS) technique in CBSEM was used to test for the goodness-of-fit between the hypothesised model and the sample data. The confirmatory factor analysis defined the relationship between the latent variable and the indicator variable where the analysis involved the examination and validation of the model and testing of the model with hypothesis testing. As Byrne (2010, p. 3) mentioned,

The hypothesised model can then be tested statistically in a simultaneous analysis of the entire system of variables to determine the extent to which it is consistent with the data. If goodness-of-fit is adequate, the model argues for the plausibility of postulated relations among variables; if it is inadequate, the tenability of such relations is rejected.

(b) Partial Least Squares Technique (Smart-PLS)

Variance-based SEM by the application of partial least squares technique (Smart-PLS) implies that the method is the best alternative to CBSEM, particularly when the study concerns (1) a phenomenon to be investigated that is relatively new, (2) a measurement model and (3) a complex structural model with a large number of variables and more emphasis on prediction than confirmatory analysis (Chin, 2010).

PLS-SEM maximises the endogenous latent variables' explained variance by estimating partial model relationships in an iterative sequence of OLS regressions.....PLS is not constrained by identification issues, even if the model becomes complex.....and does not require accounting for most distributional assumptions.....and has advantages when sample sizes are relatively small (Hair et al., 2014, 27-28).

4.15 Justification for the Application of Partial Least Squares (Smart-PLS) Techniques

Multivariate analysis enables the researcher to create knowledge and increase his or her understanding on some important issues. It applies a statistical technique and

measurement in the investigation. Several statistical techniques were practiced in the present research.

To name a few, the techniques include the analyses in Statistical Packages for Social Sciences (SPSS), analysis of moment structures (AMOS), and partial least squares (Smart-PLS). Standard equation modelling by the application of Smart-PLS technique was adopted due to the sample size, normality of the data, theory development and predictive reasoning.

4.15.1 Sample size and complex constructs

The requirements for sample size in CBSEM and Smart-PLS are different in that the former is stringent on sample size due to its effect on the reliability of parameter estimates, model fit and statistical power (Henseler et al., 2009; Peng & Lai, 2012; Hair et al., 2014). In PLS modelling, on the other hand, the sample size can be small, as low as 20, and still provide appropriate indicators (Henseler et al., 2009). PLS can also handle a complex model that has many observed variables and many constructs, for example, in a situation when the construct with the largest number of formative indicators (if the model has formative indicators) and the dependent latent variable (LV) with the largest number of independent LVs is influencing it (Peng & Lai, 2012).

The sample size requirement under smart-PLS has faced criticism in terms of statistical significance versus accuracy (Goodhue et al., 2006; Henseler et al., 2009). In Goodhue et al.'s (2006) experiments, they employed multiple regression using PLS and LISREL to address the issue of statistical power at small sample size by using Monte Carlo simulation. The result showed that statistical significance and power should be primary whereas accuracy should be secondary. In defending the sample size in PLS, Henseler et al. (2009) argued that, even though PLS modelling seems to have no special

abilities at small sample size, its performance in terms of statistical power matches that of other techniques. The appropriate sample size should consider the distributional characteristic of the data, potential missing data, the psychometric properties of the variables examined and the magnitude of the relationship.

Goodhue et al. (2006) commented that the basic ten-time rule in determining sample size should not be used by PLS or any other technique because it does not consider effect size, reliability and number of indicators, among other factors. Instead, Cohen's technique is very much acceptable and correct in predicting for all sample size and effect sizes, and it is suitable for all techniques (Goodhue et al., 2006; Hair et al., 2014). Table 4.14 below shows the minimum sample size as suggested by Cohen (1992), who proposed that the minimum sample size is necessary to detect minimum R^2 values of 0.10, 0.25, 0.50 and 0.75 in any endogenous construct in the structural model for levels of significance of 1%, 5% and 10%.

Table 4.14: Sample Size Recommendation as Suggested by Cohen (1992)

Maximum Number of Arrows Pointing at a Construct	Level of significance											
	1%				5%				10%			
	Minimum R^2				Minimum R^2				Minimum R^2			
	0.10	0.25	0.50	0.75	0.10	0.25	0.50	0.75	0.10	0.25	0.50	0.75
2	158	75	47	38	110	52	33	26	88	41	26	21
3	176	84	53	42	124	59	38	30	100	48	30	25
4	191	91	58	46	137	65	42	33	111	53	34	27
5	205	98	62	50	147	70	45	36	120	58	37	30
6	217	103	66	53	157	75	48	39	128	62	40	32
7	228	109	69	56	166	80	51	41	136	66	42	35
8	238	114	73	59	174	84	54	44	143	69	45	37
9	247	119	76	62	181	88	57	46	150	73	47	39
10	256	123	79	64	189	91	59	48	156	76	49	41

Source: Adapted from Hair et al. (2014, p. 21).

4.15.2 Normal and Non-normal Distributed Input Data

The next justification for the use of Smart-PLS is that it can handle normal and non-normal data. In this sense, CBSEM requires stricter assumption on normality and

sample size to test model fits and to minimise the difference between covariance matrix and the sample covariance matrix, whereas PLS-SEM makes use of a series of ordinary least squares (OLS) regression to maximise the variance for the endogenous construct and thus can work on non-normal data (Henseler et al., 2009; Hair et al., 2014; Jannoo et al., 2014).

However, formal comparison of CBSEM and PLS is rare and ongoing (Henseler et al., 2009; Jannoo et al., 2014). Henseler et al. (2009) gave two examples on the comparison between CBSEM and PLS-SEM that used Monte Carlo Simulation study conducted by Vilares et al. (2007) and Ringle et al. (2007). The former showed that the skewed data and formative indicator demonstrated that the PLS method gave higher robustness compared to CBSEM. It can be concluded that PLS estimates are better than ML (Maximum Likelihood) estimates. ML estimates are more sensitive to the various potential deficiencies in the data and model specification. The second study showed that CBSEM provides accurate and robust parameter estimates, and so did the PLS's results for normal data scenario. However, when the requirements of sample size and normality assumption in CBSEM were violated, the PLS offered better results and more robust approximation.

PLS-SEM offers greater flexibility when data distributions are skewed because there are no distributional requirements (Henseler, 2010). „Soft modelling“, as called by Wold (1982) for PLS path modelling, attributes only to the distributional assumption, which implies that PLS-SEM does not assume the data are normally distributed (Henseler, 2010; Hair et al., 2014). However, extremely non-normal data distributions need to be avoided because they provide errors in the assessment of parameter estimates (Hair et al., 2014).

The use of the Kolmogorov-Smirnov test and Shapiro-Wilks test to check normality only provides limited guidance on whether the data are extremely distributed (Hair et al., 2014). Thus, the investigation on normality should test on skewness and kurtosis, that is, to see whether the data are highly skewed or too peaked (Henseler, 2010; Hair et al., 2012; Hair et al., 2014). Therefore, to test the coefficient for data significance and for the non-normal data distribution, PLS uses nonparametric bootstrap (Hair et al., 2014). The term *bootstrap* was invented by Efron in 1979 to denote a resampling technique (WeimoZhu, 1997). The bootstrap argument is that not all data are distributed normally or in a bell-shaped curve; instead, in some situations, such as a very large sample, the data may deviate from the assumption of normality. In this sense, a resampling of the data through a bootstrap technique is the most efficient practice (WeimoZhu, 1997; Hair et al., 2014).

4.15.3 Theory development versus theory testing, predictive versus descriptive study

Selecting between PLS-SEM and CBSEM is based on two objectives that are due to less developed theory and prediction-oriented research (Hair et al., 2014). PLS focuses on the explanation of variance, the linkages between the variables, and theories, and at the same time examines the model. The technique estimates a path model relationship that maximises R^2 of the construct. PLS predicts and describes the relationship between constructs (Henseler et al., 2009; Hair et al., 2014).

CBSEM uses full information maximum likelihood (ML) estimation processes that are consistent and a chi-square statistic that is correct. Therefore, a poorly developed construct and missed specified paths can bias estimates and contradict the PLS-SEM, which uses the ordinary least squares (OLS) regression-based method (Chin, 2010; Hair et al., 2014).

PLS-SEM is similar to multiple regression analysis in that the primary objective is to maximise explained variance in the dependent variable and to evaluate data quality (Hair et al., 2011). Thus, PLS, being limited in information either in theoretical or substantive knowledge, is primarily appropriate for exploratory and predictive studies.

In some situations such as complex models, PLS path modelling is said to surpass CBSEM in exploratory or confirmatory settings because of the former's flexibility and soft modelling prediction; thus, PLS-SEM is suitable for real-world applications (Akter et al., 2011). Chin (2010) explained that the CBSEM algorithm's attempts to provide estimates for all open structural path and measurement loadings are similar to those obtained from sample data. Instead, PLS-SEM analysis is the estimation of the weight relations and does not assume that all indicators have equal weight (Haenlein & Kaplan, 2004).

4.16 Data Analysis through Smart-PLS Modelling Technique

Table 4.15 outlines the specific guidelines for Smart-PLS modelling technique. After the screening and cleaning of the data, the research proceeded with path coefficient and hypothesis testing by applying the Smart-PLS modelling technique.

4.17 Chapter Summary

The first part of this chapter focuses on the discussion on theoretical framework and hypothesis development. Findings from the pilot test are also discussed, especially in determining the low loading items that must be deleted. Content validity was also checked in the pilot study. Research methodology was discussed thoroughly, especially in terms of questionnaire development, sampling, data collection and method of analysis. The adoption and adaptation of the questionnaire was important to determine the adequacy of the questionnaire design and to address the targeted population. Since

the research focuses on the staffs in selected local authorities, simple random sampling was used to select the respondents. The following chapter discusses the empirical findings of the research and the modelling by using the partial least squares modelling technique.

Table 4.15: A Systematic Procedure for Applying SMART-PLS Modelling Technique

Stage 1
•Specifying the Structural Model
Stage 2
•Specifying the Measurement Models
Stage 3
•Data Collection and Examination
Stage 4
•PLS Path Model Estimation
Stage 5
•Assessing PLS-SEM Results of the Reflective Measurement Models
Stage 6
•Assessing PLS-SEM Results of the Structural Models
Stage 7
•Advanced PLS-SEM Analyses
Stage 8
•Interpretation of Results and Drawing Conclusions

Source: Hair et al. (2014, 25).

CHAPTER 5: RESEARCH FINDINGS: ANALYSIS AND RESULTS

5.1 Introduction

The preceding chapter reported on the process of data cleaning and methodology used for this research. The Smart-PLS was used to generate the results because the technique can handle complex constructs. In particular, the present study sought to develop a model with eight constructs.

This chapter presents the results of the analysis. In general, the study intended to investigate accountability and public trust in Malaysian local government institutions. Employees of Selangor local authorities and Kuala Lumpur City Hall were the subjects of this study. The analysis aimed to assess the impact of ethical accountability as a mediator between accountability and public trust. Six mediator variables were introduced including loyalty as a new mediator to be tested in this research. The partial least squares (Smart-PLS) technique was applied and nineteen hypotheses were further developed consisting of direct and indirect hypothesised relationships. There are two segments of the hypothesis on direct relationship. The first segment consists of thirteen hypotheses on the direct relationship between the independent variable and the dependent variables, and between the independent variables and the mediator variables. The hypotheses are as follows:

- H₁: Accountability influences public trust in the provision of local government services.
- H₂: Accountability influences benevolence in the provision of local government services.
- H₃: Benevolence influences public trust in the provision of local government services.
- H₅: Accountability influences honesty in the provision of local government services.
- H₆: Honesty influences public trust in the provision of local government services.

- H₈: Accountability influences integrity in the provision of local government services.
- H₉: Integrity influences public trust in the provision of local government services.
- H₁₁: Accountability influences responsiveness in the provision of local government services.
- H₁₂: Responsiveness influences public trust in the provision of local government services.
- H₁₄: Accountability influences fairness in the provision of local government services.
- H₁₅: Fairness influences public trust in the provision of local government services.
- H₁₇: Accountability influences loyalty in the provision of local government services.
- H₁₈: Loyalty influences public trust in the provision of local government services

The second segment is the hypothesis on the direct relationship among the mediator variables and the dependent variable. On the other hand, there are another six indirect relationships that consist of the hypothesised relationship among the independent, mediator and dependent variables, as listed below:

- H₄: Benevolence mediates the relationship between accountability and public trust in the provision of local government services.
- H₇: Honesty mediates the relationship between accountability and public trust in the provision of local government services.
- H₁₀: Integrity mediates the relationship between accountability and public trust in the provision of local government services.
- H₁₃: Responsiveness mediates the relationship between accountability and public trust in the provision of local government services.
- H₁₆: Fairness mediates the relationship between accountability and public trust in the provision of local government services.
- H₁₉: Loyalty mediates the relationship between accountability and public trust in the provision of local government services.

This chapter is organised in four parts. The first part is the analysis and results of the structural model and measurement model. The second part continues with the testing of hypotheses, and the third part reports on the mediation analysis. It is worth noting that, for each hypothesis, the research findings gave rise to an interesting result which will contribute significantly to the local authorities. In other words, the Smart-PLS

modelling technique proved to have successfully facilitated the investigation of a complex model with many items.

The following direct relationships were investigated in this study:

- (a) accountability to public trust;
- (b) accountability to benevolence
- (c) accountability to honesty;
- (d) accountability to integrity;
- (e) accountability to responsiveness;
- (f) accountability to fairness;
- (g) accountability to loyalty;
- (h) benevolence to public trust;
- (i) honesty to public trust;
- (j) integrity to public trust;
- (k) responsiveness to public trust;
- (l) fairness to public trust; and
- (m) loyalty to public trust.

The following indirect relationships are analysed in the subsequent chapter:

- (a) accountability to benevolence to public trust;
- (b) accountability to honesty to public trust;
- (c) accountability to integrity to public trust;
- (d) accountability to responsiveness to public trust;
- (e) accountability to fairness to public trust; and
- (f) accountability to loyalty to public trust.

This chapter begins with a list of local authorities' functions as spelled out in the Local Government Act 1976 (Act 171). Then, the general profiles of the respondents are provided. This segment also reports on the residential circumstances of each respondent, such as whether they own a house, the type of house they lived in and other aspects. This information helps the researcher gain insight into the services they received in their locality.

5.2 List of Functions for Local Authorities in Kuala Lumpur and Selangor

To better understand the responsibilities and functions of local authorities, this research also reports on the functions of each local authority under study. The functions

of each local authority differ on the basis of the organisation's status and financial capability. The local authority carries six main functions as stated in the Local Government Act 1976 (Act 171). During the data collection, each officer was asked to state his or her organisation's functions, whether the tasks were (1) performed by the local authority itself, (2) contracted out or privatised, or (3) both. The officers were given a list of functions on a sheet of paper and asked to tick the function performed by their respective local authority (Appendix 1), whether it is health, licensing, social services, public facility/development, general services or enforcement.

Shown in Table 5.1, the functions existed are (1) performed by Kuala Lumpur City Hall (DBKL) or by DBKL itself, (2) contracted out/privatised, or (3) both. Because DBKL has the capacity in terms of manpower, financial capability and technical facility, the majority of the functions are provided by the organisation (35 functions).

Table 5.1: List of Functions by Kuala Lumpur City Hall (DBKL)

Functions	Performed by Local Authority	Performed by Third Party	Performed by both
Health	Vector Control, Clinic, Slaughter House, Veterinary Services	-	-
Licensing	Business License, Pet License	-	-
Social Services	Skill Training	-	-
Public Facility/Development	Recreational Park, Public Swimming Pool, Gymnasium, Community Hall, Crematorium, Cemetery, Rest House, Wet Market, Stalls, Shop Houses, Building, Public Toilets	-	-
General Services	Street Lamp, Free Parking Lot, Paid Parking Lot, Drainage, Public Housing, Management of Streets, Landscape, Local Authority Field Work (<i>Gerak Tumpu</i>), Tourism, Sport Festival Preparation, Recycling Program, Helping Other Agencies in Environmental Activities	Grass Cutting, Garbage Collection & Disposal, Street Sweeping	
Enforcement	Enforcement & Development, Business/Trade, Environment, Traffic	-	-
Other Functions (Not Mentioned Above)	Resident Association Public Housing	One-Stop Counter Services, Emergency	Online Payment, Cultural Activities

DBKL is also involved in the management of the residential association within their locality and the provision of public housing for low-income earners. Only five functions (grass cutting, garbage collection and disposal, street sweeping, one-stop counter service and the emergency unit) are contracted out or privatised. The online payment system and cultural activities are performed by DBKL and a third party.

Table 5.2 below shows the list of functions by the Shah Alam City Council (MBSA). This local authority contracts out the following services: one health function (the clinic), two general service functions (free and paid parking lots), and four other functions (the resident association, one-stop counter services, online payment and the emergency unit). Services of buildings, public toilets, street sweeping, drainage, grass cutting and cultural activities are performed by MBSA itself but contracted out/privatised in some local areas.

Table 5.2: List of Functions by Shah Alam City Council (MBSA)

Functions	Performed by Local Authority	Performed by Third Party	Performed by both
Health	Vector Control, Veterinary Services	Clinic	-
Licensing	Business License, Pet License	-	-
Social Services	-	-	-
Public Facility/Development	Recreational Park, Public Swimming Pool, Crematorium, Cemetery, Rest House, Wet Market, Stalls, Shop Houses	-	Buildings, Public Toilets
General Services	Street Lamp, Garbage Collection & Disposal, Landscape, Local Authority Field Work (<i>Gerak Tumpu</i>), Tourism, Sport Festival Preparation, Recycling Program, Helping Other Agencies in Environmental Activities	Free Parking Lots, Paid Parking Lots	Street Sweeping, Drainage, Grass Cutting
Enforcement	Enforcement & Development, Business/Trade, Environment, Traffic	-	-
Other Functions (Not Mentioned Above)		Resident Association, One-Stop Counter Services, Online Payment, Emergency Unit	Cultural Activities

As for the Klang Municipal Council (MPK), six functions are performed by the authority. Functions that are contracted out include one health function (the slaughter house), two public facility/development function (wet market, stalls), three general services functions (street lamps, public housing and management of streets), and traffic enforcement.

5.3: List of Functions by Klang Municipal Council (MPK)

Functions	Performed by Local Authority	Performed by Third Party	Performed by both
Health	Vector Control, Clinic, Veterinary Services	Slaughter House	-
Licensing	Business License, Pet License	-	-
Social Services	Skill Training	-	-
Public Facility/Development	Recreational Park, Public Swimming Pool, Community Hall, Crematorium, Cemetery, Rest House, Shop Houses, Building, Public Toilets	Wet Market, Stalls	
General Services	Free Parking Lots, Paid Parking Lots, Drainage, Grass Cutting, Garbage Collection & Disposal, Landscape, Local Authority Field Work (<i>Gerak Tumpu</i>), Tourism, Sport Festival Preparation, Recycling Program, Helping Other Agencies in Environmental Activities	Street Lamps, Public Housing, Management of Streets	-
Enforcement	Enforcement & Development Business/Trade, Environment	Traffic Enforcement	-
Other Functions (Not Mentioned Above)	-	-	-

Table 5.4 shows the list of functions performed by the Ampang Jaya Municipal Council (MPAJ). Similar to MPK, most of the functions listed in the table are handled by MPAJ.

However, in contrast to MPK, some of the functions are performed by MPAJ itself and at the same time given to a third party, such as one in public facility/development (shop houses) and six in general services functions (paid parking lots, street sweeping, drainage, grass cutting, management of streets, garbage collection

and disposal). Only one function, public facility/development (recreational park), is contracted out or privatised.

Table 5.4: List of Functions by Ampang Jaya Municipal Council (MPAJ)

Functions	Performed by Local Authority	Performed by Third Party	Performed by both
Health	Vector Control	-	-
Licensing	Business License, Pet License	-	-
Social Services	-	-	-
Public Facility/Development	Community Hall, Cemetery, Wet Market, Stalls, Public Toilets	Recreational Park	Shop Houses
General Services	Street Lamps, Landscape, Local Authority Field Work (<i>Gerak Tumpu</i>), Tourism, Sport Festival Preparation, Recycling Program, Helping Other Agencies in Environmental Activities	-	Paid Parking Lot, Street Sweeping, Drainage, Grass Cutting, Management of Streets, Garbage Collection & Disposal
Enforcement	Enforcement & Development, Business/Trade, Environment, Traffic Enforcement	-	-
Other Functions (Not Mentioned Above)	-	-	-

Table 5.5 lists the six main functions performed by the Kuala Selangor District Council (MDKS). The number of services provided by MDKS is fewer than the number provided by the city council and municipal council. Three functions are contracted out/privatised: garbage collection and disposal, online payment and cultural activities. Nine of the functions are co-performed by MDKS and a third party: recreational parks, public toilets, street sweeping, drainage, grass cutting, management of streets, landscape, management of resident association, and the emergency unit.

The final list of functions is from Hulu Selangor District Council (MDHS) as shown in Table 5.6. Similar to MDKS, most of the main functions are performed by MDHS. As for general service functions, seven of these functions are contracted

out/privatised (street lamps, street sweeping, drainage, grass cutting, management of streets, landscape, garbage collection and disposal).

Table 5.5: List of Functions by Kuala Selangor District Council (MDKS)

Functions	By Local Authority	Contracted Out/ Privatised	Performed by Both Parties
Health	Vector Control	-	-
Licensing	Business License, Pet License	-	-
Social Services	-	-	-
Public Facility/Development	Community Hall, Rest Houses, Wet Market, Stalls	-	Recreational Park, Public Toilets
General Services	Street Lamps, Free Parking Lot, Local Authority Field Work (<i>Gerak Tumpu</i>), Tourism, Sport Festival Preparation, Recycling Program, Helping Other Agencies in Environmental Activities	Garbage Collection & Disposal	Street Sweeping, Drainage, Grass Cutting, Management of Streets, Landscape
Enforcement	Enforcement & Development, Business/Trade, Environment	-	-
Other Functions (Not Mentioned Above)	One-Stop Counter Service	Online Payment, Cultural Activities	Resident Association, Emergency Unit

In conclusion, the duties of the local authorities and their capabilities in overseeing the duties are based on their status and financial strength. For the local authorities with ‘city’ or ‘municipality’ status, more tasks are performed by them with some being contracted out or privatised. The district council, nevertheless, performs fewer duties.

5.3 Profile of Respondents

The information on the respondents comprises three parts. The first part reports the respondents’ gender, age, ethnicity and marital status. The second part reports the respondents’ employment status, and the last part provides the respondents’ residential information.

Table 5.6: List of Functions by Hulu Selangor District Council (MDHS)

Main Functions	Performed by Local Authority	Performed by Third Party	Performed by Both
Health	Vector Control	-	-
Licensing	Business License, Pet License,	-	-
Social Services	-	-	-
Public Facility/Development	Recreational Park, Community Hall, Rest Houses, Wet Market, Stalls, Shop Houses, Buildings, Public Toilets	-	-
General Services	Free Parking Lot, Local Authority Field Work (<i>Gerak Tumpu</i>), Tourism, Sport Festival Preparation, Recycling Program, Helping Other Agencies in Environmental Activities	Street Lamps, Street Sweeping, Drainage, Grass Cutting, Management of Streets, Landscape, Garbage Collection & Disposal	-
Enforcement	Enforcement & Development, Business/Trade, Environment, Traffic	-	-
Other Functions (Not Mentioned Above)	-	-	-

As shown in Table 5.7, the total number of respondents is 608, of whom 175 are from Kuala Lumpur and 433 are from Selangor. The number of male respondents (48.4%) is lower than the number of female respondents (51.6%), but more male respondents participated in the study (54.9%) in Kuala Lumpur. Forty-six point five percent (46.5%) of the respondents are between 20 and 30 years of age, 30.8% are between 31 and 40 years, and 13.2% are between 41 and 50 years. Only 9.5% are 51 years and above.

The distribution of age factor is also the same for Kuala Lumpur and Selangor. Malays hold majority in the local authorities in Kuala Lumpur and Selangor (92.9%), whereas Indians constitute 4.6%; Chinese, 1.8%; and others, 0.7%. The majority of the respondents are married (70.6%), 27.6% are single (27.6%), and 1.8% are divorced/separated.

Table 5.7: Demographic Profile

		Kuala Lumpur (N = 175)	Selangor (N = 433)	Overall (N = 608)	Percentage (100%)
Gender	Male	96	198	294	48.4
	Female	79	235	314	51.6
Age	20 – 30	66	217	283	46.5
	31 – 40	40	147	187	30.8
	41 – 50	26	54	80	13.2
	51 and above	43	15	58	9.5
Ethnicity	Malay	164	401	565	92.9
	Chinese	2	9	11	1.8
	Indian	6	22	28	4.6
	Others	3	1	4	0.7
Marital Status	Married	140	289	429	70.6
	Single	32	136	168	27.6
	Divorced/Separated	3	8	11	1.8

The second part of Table 5.8 shows the respondents' job status, position and income information. The majority of the staff in the local authorities hold permanent positions (73.7%). The positions of the others are contractual (23.7%), temporary (2.1%) and other (0.5%). Most of the respondents serve in subordinate or support capacities (94.6%), whereas the respondents of officers are only 5.6%. This is evident because respondents whose income is RM4,001 and above constitute only 19.1% of the total number of respondents. As for DBKL, no respondents noted a salary below RM750.

Figure 5.1 below shows the number of respondents for each local authority in this study. For Kuala Lumpur Federal Territory, Kuala Lumpur City Hall (DBKL) was chosen with 175 respondents. Five local authorities were chosen for the state of Selangor, namely the Shah Alam City Council (MBSA) with 94 respondents, the Klang Municipal Council (MPK) with 138 respondents, the Ampang Jaya Municipal Council (MPAJ) with 62 respondents, the Kuala Selangor District Council (MDKS) with 97 respondents and the Hulu Selangor District Council (MDHS) with 41 respondents. Two local authorities represented city hall/council with a total of 269 respondents, two for

municipal council with 200 respondents, and two for district council with 138 respondents.

Table 5.8: Demographic Profile – Job Status

		Kuala Lumpur (N = 175)	Selangor (N = 433)	Overall (N = 608)	Percentage (100%)
Job Status	Permanent	156	292	448	73.7
	Contract	19	125	144	23.7
	Temporary	-	13	13	2.1
	Others ^a		3	3	0.5
Position	Officer	11	22	33	5.4
	Support Staff	164	411	575	94.6
Income	RM750 and below	-	4	4	0.7
	RM75–RM2000	42	112	154	25.3
	RM2001–RM3000	53	157	210	34.5
	RM3001–RM4000	35	89	124	20.4
	RM4001 and above	45	71	116	19.1

Note: a = 'Others' means workers employed as part-timers.

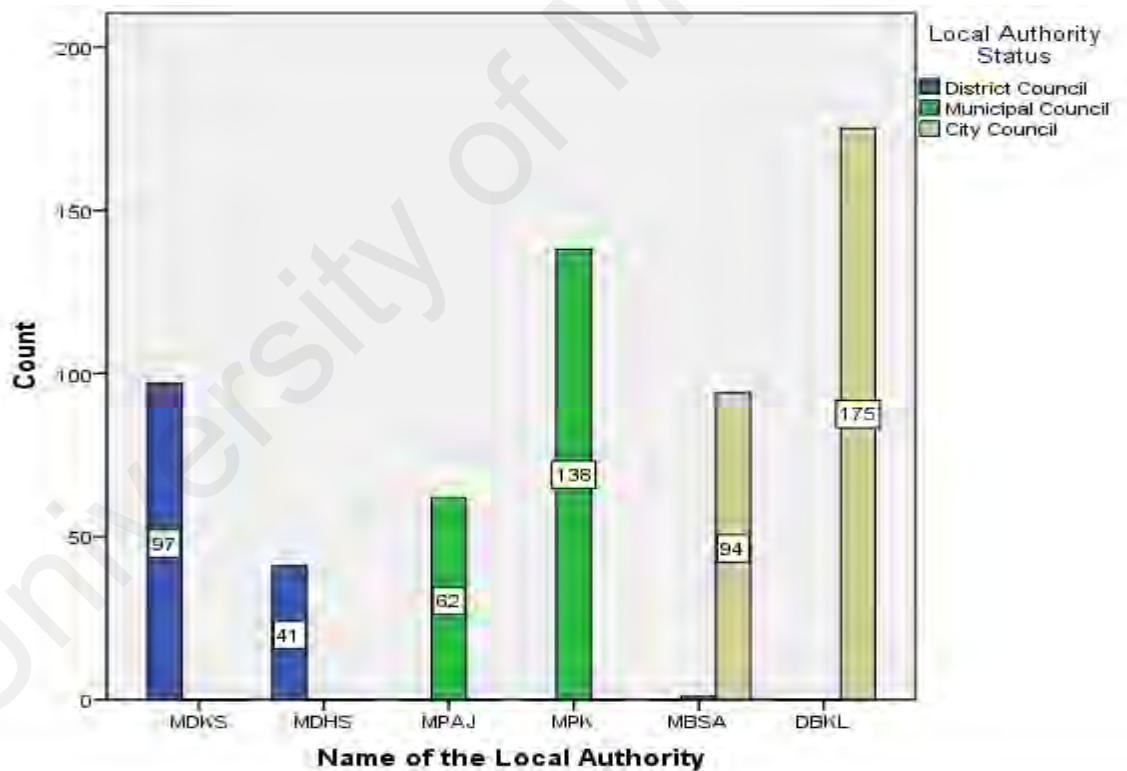


Figure 5.1: List of Local Authorities by Status

As shown in Figure 5.2, most of the respondents live within their respective local authority but most respondents from DBKL live in other local authority areas, and the situation is also similar for MBSA. It can be concluded that respondents who work

in City Hall/Council chose to live outside their respective local authority due to the high density and compact areas in their localities. As for the municipal and district councils, their respondents mostly live within their local authorities, and only a small number of them live outside their council area.



Figure 5.2: Residential Location of the Respondent

Figure 5.3 illustrates the residential status of the respondents. As for all local authorities, most of the respondents live in their own houses and many of them live in their parents' house. A few live in a rental home and only a small number of them live in government quarters.

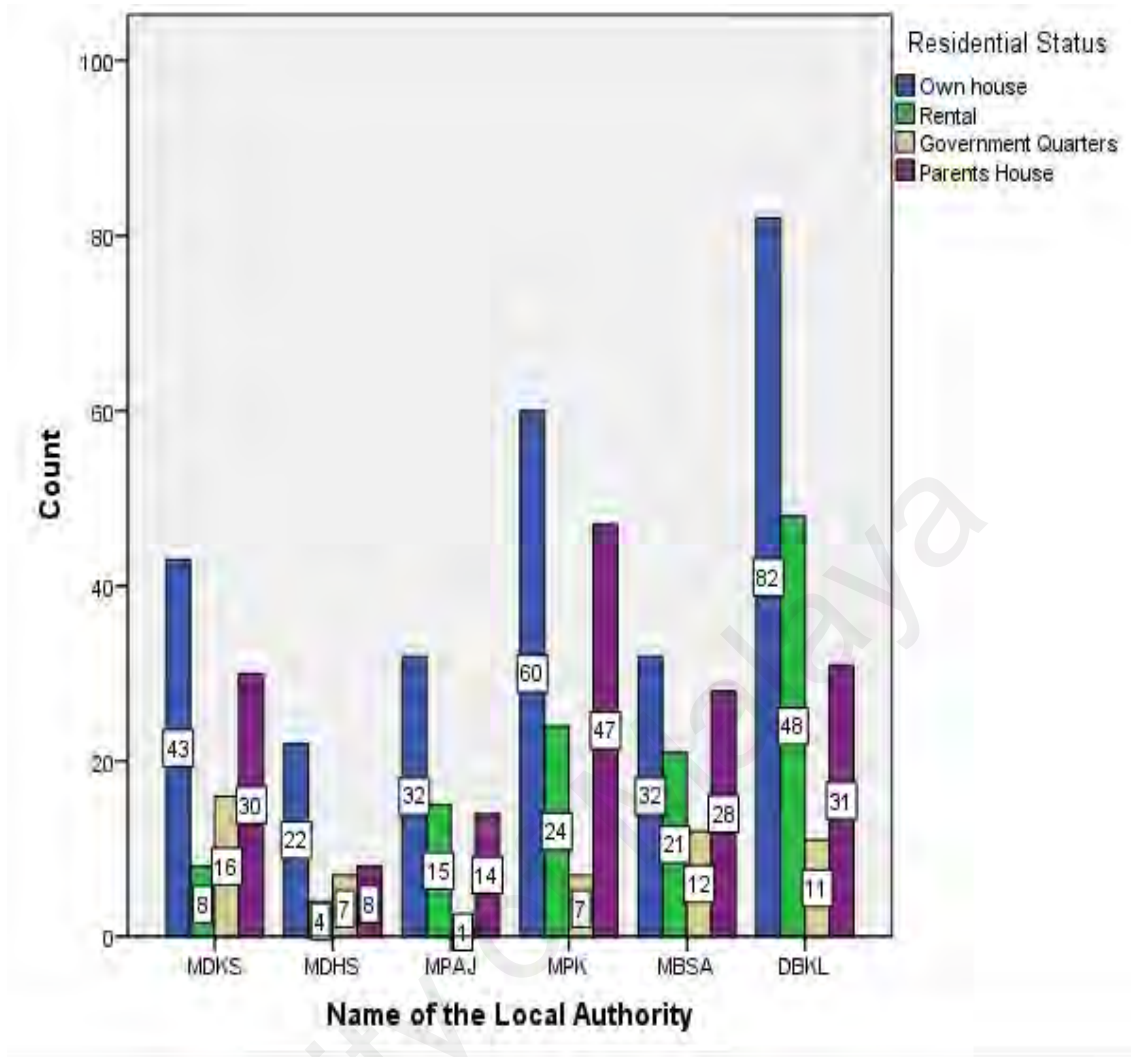


Figure 5.3: Residential Status of the Respondent

Most of the respondents from DBKL live in flats, and the number is followed by those who live in apartments or double-storey terrace houses (Figure 5.4). For MBSA, MPK, MDKS and MDHS, most of the respondents live in single-storey terrace houses. For MPAJ, the respondents mostly lived in double-storey terrace houses. As for the respondents from MDKS, most live in village houses, and this is not uncommon for the staff of a district council. However, it is unexpected for councils of MBSA and MPK to have higher numbers of respondents who also live in village houses, as shown in Figure 5.4, but this can be due to the fact that the areas in the state of Selangor still consist of villages, especially in the Klang area. Shah Alam is the neighbouring town, thus it is not far for the local authority officers to commute from Klang to Shah Alam.

In conclusion, most of the respondents of this study are from Selangor and are permanent staff members of a local authority. Compared to the respondents of municipality and district council, most of the respondents from City Hall live outside their local authority area, probably due to the high density of the area and high cost of living in the city.

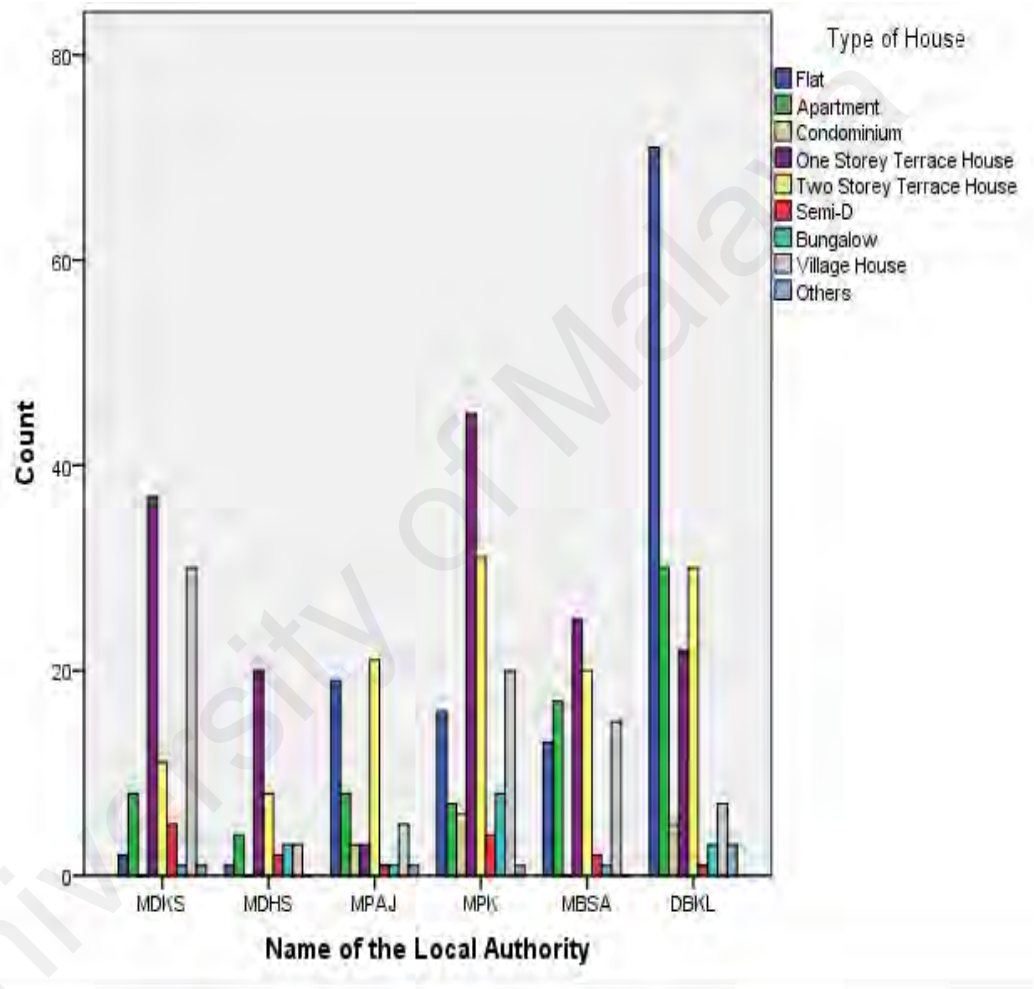


Figure 5.4: Type of House of the Respondent

5.4 The Variables for Public Trust, Accountability and Ethical Accountability

This thesis investigates the role of accountability and ethical accountability in influencing public trust in local government. Each construct has its own indicators

measured, and they have significant relations with each other. A five-point Likert scale was used, which denotes 1-*strongly agree*, 2-*agree*, 3-*slightly agree*, 4-*disagree*, and 5-*strongly disagree*. Public trust is measured by seven items, accountability with 19 items and ethical accountability with 48 items. What are the dimensions of each variable? The overall minimum value achieved by the question on accountability (AC7) is 0.663, whereas the highest value achieved by each question on benevolence (B7 and B8) scores the same at 0.921. Results on the hypothesis testing showed that a direct relationship of benevolence to public trust (H_3) is not supported (t-value is 0.800), whereas, for an indirect relationship, hypothesis H_4 (that benevolence would serve as mediator) is not supported (t-value is 1.226).

The constructs for public trust are based on post-trust questions reflecting trust-believe and rule-base trust, whereas the variables for accountability centre on three aspects of accountability: challenges of accountability, service accountabilities and outcomes, and accountability. The question posed on accountability is to know how public servants perform their daily routinal activities such as record keeping, monitoring activities, financial activities and such. The factor loading for each item is between 0.663 and 0.775.

Ethical accountability served as mediator variables with six ethical variables identified. These indicators are loyalty, honesty, integrity, fairness, responsiveness and benevolence. Each variable has its own scale of items for measurement. Most research on loyalty focuses on marketing and businesses in regards to brand and customer loyalty, whereas research on loyalty in government is mainly focused on loyalty towards political leaders and government. This thesis is focused on loyalty in service delivery. Thus, the indicators for loyalty are measured with eight items consisting of loyalty to the public and loyalty to an organisation. Loyalty to the public means that

employees understand what the public needs, whereas loyalty to the organisation is measured in terms of absence of intention to leave the organisation. The factor loading for loyalty measurement for each item is between 0.784 and 0.858.

The variable of honesty is measured based on day-to-day interaction between public and local authority officers in terms of honest and sincere interactions. The factor loading for each item in honesty is between 0.821 and 0.913, whereas integrity is measured based on organisations' overall policies, rules and regulations, and value systems. The factor loading for integrity measurement is between 0.796 and 0.854. The variable of fairness is measured in terms of fair rules and laws and the queries on general fairness of government policies. The factor loading for fairness is between 0.845 and 0.908.

The responsiveness variable was in terms of speed and accuracy in handling complaints and responding to feedback. The factor loading for responsiveness is between 0.798 and 0.863. As for benevolence, the measurement consists of care and compassion of local authority employees in giving services. The factor loading for benevolence is between 0.891 and 0.921.

5.5 Stage 1: The Measurement Model

The measurement model portrays a relationship between each construct and its indicator variables (Hair et al., 2014). Smart-PLS is used to assess the psychometric properties of the measurement model and estimate the parameters of the structural model. As discussed in Chapter 4, the measurement model is an analysis on the findings for internal consistency reliability through convergent validity and discriminant validity.

5.5.1 Formative versus reflective measurement of construct

To determine the measurement of construct, the researcher considered the types of construct measurement that are to develop either a formative or a reflective construct. In order to improve the measurement of construct, there is an increasing need to identify the nature of the relationship between the construct and its measures (Podsakoff et al., 2006). The primary difference between reflective and formative measurement is that, in reflective measurement, the construct causes variance in its reflective indicators, whereas in formative measurement the formative indicators cause variance in the construct (Cenfetelli & Bassellier, 2009). This means that any items in the reflective should be interchangeable and can be omitted without changing the meaning of the construct.

As for formative measurement, the items are not interchangeable; the items determine the meaning of the construct and cannot be discarded because omitting an indicator will alter the nature of the construct (Hair et al., 2014). Reflective construct is a traditional or classical way of developing a construct, whereas formative measurement of construct is a new technique known as composite variable (Podsakoff et al., 2006). This research applies reflective measurement of construct because each measure is a reflection or manifestation of the underlying construct and any item can be omitted if there is low loading or if the item did not achieve the specific requirements of discriminant and convergent validity, without changing the nature of the relationship.

5.5.2 Reliability Analysis

Internal consistency reliability concerns the homogeneity of items in measuring a particular construct, which means that each item can measure the same concept independently (Sekaran & Bougie, 2013). Cronbach's alpha is traditionally used to

check internal consistency, but PLS-SEM applies composite reliability which prioritises the indicator according to its individual reliability (Hair et al., 2014). Cronbach's alpha's assumes that all indicators are equally reliable, and thus it is sensitive to the number of item in the scale and tends to underestimate the internal consistency reliability.

On the other hand, composite reliability (CR) takes into account the different outer loadings of the indicator variables. Composite reliability is the degree to which the construct indicators indicate latent constructs. It prioritises the indicators according to their reliability and takes into account the different outer loadings of the indicator variables. Internal consistency of measures is satisfactory when the composite reliability (CR) of each construct exceeds the threshold value of 0.7 (Hair et al., 2014), and it should be higher than the alpha value. CR is perceived as the upper band, and Cronbach's alpha as a lower band of reliability (Hair et al., 2012). In this regard Chin (1998) recommends that a researcher examine both CR and Cronbach's alpha to assess reflective construct properties.

For this study, the CR of each construct ranges from 0.862 to 0.969 (Table 5.9) and this range is above the recommended threshold value of 0.7. The inter-item consistency of measurement items was measured using the Cronbach's alpha coefficient; thus, it is an assessment of how well the items are positively correlated to one another. As seen from Table 5.9, all the alpha values ranged between 0.769 and 0.935.

The indicator reliability of the measurement model was measured by examining the items' loadings. In this table, the loadings for each item showed more than the baseline of 0.5. For accountability, the loadings ranged between 0.663 and 0.775, benevolence loadings ranged from 0.891 to 0.921, fairness loadings from 0.845 to 0.908, honesty from 0.821 to 0.913, integrity from 0.796 to 0.854, loyalty from 0.784 to

0.858, public trust ranged from 0.799 to 0.873 and responsiveness from 0.798 to 0.863. The results show that each item is reliable and that they are capable of measuring the construct.

5.5.3 Convergent Validity

Convergent validity is the degree to which multiple items measuring the same concept are in agreement with one another. It is a check whether each item correlates positively with alternative measures of the same construct. The assessment is on the outer loadings of the indicators, composite reliability, and the average variance extracted (AVE) in order to check on convergent validity (Hair et al., 2014). The assessments on outer loadings and composite reliability are discussed based on Table 5.9.

As shown in Table 5.10, the average variance extracted (AVE) for each construct was above the baseline. AVE means 'grand mean value of the squared loadings of the indicators associated with the construct' (Hair et al., 2014, p. 103). For AVE, the baseline value must be 0.5 or higher, which implies that the construct explains more than half of the variance of its indicators. On the other hand, an AVE value below 0.5 indicates that more errors remain in the items than the variance explained by the construct. The results show that all constructs are above 0.5, with accountability having the lowest AVE (0.529) and benevolence having the highest AVE (0.831). This indicates that the construct explains more than half of the variance of its indicators (Hair et al., 2014).

5.5.4 Discriminant Validity

Discriminant validity is a test of the degree to which constructs differ from each other. The assessment will determine that a construct is unique and will capture the

phenomenon not represented by other constructs in the model. The first step is by examining the cross loadings of the indicators.

Table 5.9: Internal Consistency Reliability

Item	Loading	CR	Alpha
ACCOUNTABILITY			
AC10	0.749	0.940	0.932
AC11	0.775		
C12	0.731		
AC13	0.692		
AC15	0.718		
AC16	0.734		
AC17	0.736		
AC18	0.729		
AC4	0.731		
AC5	0.736		
AC6	0.745		
AC7	0.663		
AC8	0.737		
AC9	0.695		
PUBLIC TRUST			
PT4	0.806	0.903	0.857
PT6	0.873		
PT7	0.799		
RESPONSIVENESS			
R1	0.831	0.866	0.768
R2	0.850		
R3	0.798		
R4	0.863		
R5	0.831		
BENEVOLENCE			
B6	0.891	0.937	0.899
B7	0.921		
B8	0.921		
FAIRNESS			
F10	0.908	0.969	0.965
F11	0.868		
F12	0.861		
F13	0.873		
F14	0.857		
F5	0.845		
F6	0.863		
F7	0.890		
F8	0.867		
F9	0.880		
HONESTY			
HON2	0.821	0.927	0.895
HON3	0.900		
HON4	0.913		
HON5	0.849		
INTEGRITY			
INT1	0.854	0.862	0.761
INT2	0.814		
INT3	0.796		
LOYALTY			
LOY2	0.849	0.870	0.778
LOY3	0.784		
LOY4	0.858		

^b Composite reliability (CR) = (square of the summation of the factor loadings)/{(square of the summation of the factor loadings) + (square of the summation of the error variance)}

The indicators' outer loadings on the related construct should load higher than the loadings on the other construct. It is the examination of the correlations among the measures of potentially overlapping constructs. The next step is the Fornell-Larcker criterion, which compares the square root of the AVE values with the latent variable correlations. Items should load more strongly or higher on their own construct in the model, and the average variance shared between each construct and its measure should

be greater than the variance shared between the construct and other constructs (Hair et al., 2014).

Table 5.10: Average Variance Extracted (AVE)

Construct	No. of Items	AVE
Accountability	14	0.529
Benevolence	3	0.831
Fairness	10	0.760
Honesty	4	0.761
Integrity	3	0.676
Loyalty	3	0.691
Public Trust	3	0.700
Responsiveness	4	0.684

Note: $\text{Average Variance Extracted (AVE)} = \frac{\text{summation of the square of the factor loadings}}{\{\text{summation of the square of the factor loadings} + \text{summation of the error variance}\}}$

The first assessment of discriminant validity is to examine the indicators' loading with respect to all construct correlations. The output was generated by the Smart-PLS algorithm function and several items were deleted due to cross loadings. Deleting the cross-loading items is crucial because, if not deleted, the items can affect the value for average variance extracted (AVE). When the items were deleted, the AVE value increased.

As shown in Table 5.11, the five items of accountability that were deleted were AC1, AC2, AC3, AC14 and AC19, all of which had cross-loaded with other constructs in the model. In addition, four of the items in public trust were deleted. This result concludes that the measurement model for accountability and public trust has established its discriminant validity.

Table 5.12 shows the loadings and cross-loadings of honesty, integrity, loyalty and benevolence. The cross-loadings items that were deleted were one item in honesty (HON1) and three items for integrity (INT4, INT5 and INT6). Also due to cross loadings, four items were deleted for loyalty (LOY5, LOY6, LOY7 and LOY8), and five items were deleted for benevolence (B1, B2, B3, B4 and B5).

Table 5.11: Loadings and Cross-loading of Accountability and Public Trust

	ACC	BENV	FAIR	HON	INT	LOY	RESP	TRUST
AC1	0.634	0.466	0.412	0.462	0.524	0.524	0.427	0.498
AC10	0.714							
AC11	0.750							
AC12	0.714							
AC13	0.676							
AC14	0.682	0.556	0.491	0.546	0.598	0.650	0.595	0.627
AC15	0.709							
AC16	0.725							
AC17	0.732							
AC18	0.734							
AC19	0.686	0.568	0.599	0.582	0.646	0.661	0.623	0.675
AC2	0.664	0.418	0.385	0.442	0.500	0.490	0.405	0.469
AC3	0.679	0.452	0.451	0.450	0.529	0.546	0.468	0.517
AC4	0.729							
AC5	0.736							
AC6	0.740							
AC7	0.645							
AC8	0.739							
AC9	0.666							
PT1	0.741	0.500	0.527	0.506	0.552	0.538	0.525	0.652
PT2	0.705	0.547	0.534	0.513	0.595	0.582	0.560	0.673
PT3	0.577	0.639	0.609	0.605	0.636	0.688	0.738	0.780
PT4								0.771
PT5	0.496	0.732	0.632	0.745	0.701	0.730	0.695	0.794
PT6								0.811
PT7								0.727

Note: Bolded values are cross-loading.

Table 5.13 shows the loadings and cross-loadings of fairness and responsiveness. Due to cross loading, four items for fairness were deleted (F1, F2, F3 and F4). For the same reason three items were deleted for responsiveness (R5, R6 and R7). It is important to note that the deletions of cross-loadings items were necessary because the cross-load items had high value in other constructs. The value of AVE can be increased when the cross-load items were deleted.

The subsequent step was to assess discriminant validity by using the Fornell-Larcker criterion. This method of assessment compares the square root of AVE with the latent variable correlation. The square root of each construct of AVE should be higher than any other construct. The square root of AVE was calculated and, from the result,

all square roots of AVE exceeded the off-diagonal elements in their horizontal and vertical row and column. The bolded value in the table is the square root of AVE, and the nonbolded values represent the inter-correlation value between the constructs.

Table 5.12: Loadings and Cross-Loadings of Honesty, Integrity, Loyalty and Benevolence

	ACC	BENV	FAIR	HON	INT	LOY	RESP	TRUST
HON1	0.620	0.382	0.402	0.542	0.540	0.507	0.428	0.464
HON2				0.818				
HON3				0.883				
HON4				0.890				
HON5				0.824				
INT1					0.742			
INT2					0.719			
INT3					0.766			
INT4	0.549	0.711	0.620	0.721	0.792	0.700	0.675	0.692
INT5	0.558	0.733	0.627	0.793	0.795	0.693	0.689	0.698
INT6	0.533	0.757	0.685	0.797	0.796	0.756	0.739	0.744
LOY1	0.641	0.548	0.477	0.517	0.652	0.682	0.525	0.594
LOY2						0.731		
LOY3						0.608		
LOY4						0.752		
LOY5	0.525	0.559	0.477	0.515	0.511	0.641	0.696	0.599
LOY6	0.577	0.779	0.632	0.751	0.759	0.789	0.707	0.721
LOY7	0.576	0.734	0.693	0.782	0.737	0.782	0.763	0.754
LOY8	0.529	0.773	0.656	0.778	0.741	0.769	0.706	0.731
B1	0.574	0.718	0.574	0.609	0.627	0.648	0.756	0.700
B2	0.515	0.778	0.622	0.739	0.691	0.705	0.680	0.685
B3	0.526	0.824	0.648	0.798	0.762	0.753	0.744	0.739
B4	0.453	0.766	0.637	0.736	0.695	0.700	0.679	0.690
B5	0.493	0.789	0.629	0.746	0.721	0.717	0.712	0.721
B6		0.559						
B7		0.555						
B8		0.593						

Note: Values bolded are cross-loadings.

The results in Table 5.14 show that all off-diagonal elements are lower than the square root of AVE, thus the results meet the criterion by Fornell and Larcker in discriminant validity.

Overall, the reliability and validity tests conducted on the measurement model were satisfactory. All reliability and validity tests were confirmed and this is an indicator that the measurement model for this study is valid and fit to be used to estimate the parameters in the structural model.

Table 5.13: Loadings and Cross-Loadings of Fairness and Responsiveness

	ACC	BENV	FAIR	HON	INT	LOY	RESP	TRUST
F1	0.644	0.477	0.527	0.482	0.551	0.548	0.473	0.510
F2	0.703	0.468	0.558	0.482	0.542	0.577	0.493	0.551
F3	0.628	0.609	0.607	0.557	0.601	0.635	0.661	0.670
F4	0.571	0.576	0.589	0.593	0.639	0.588	0.603	0.637
F5			0.798					
F6			0.827					
F7			0.853					
F8			0.820					
F9			0.837					
F10			0.871					
F11			0.816					
F12			0.838					
F13			0.835					
F14			0.836					
R1							0.782	
R2							0.791	
R3							0.708	
R4							0.807	
R5	0.557	0.753	0.676	0.771	0.756	0.759	0.781	0.760
R6	0.519	0.689	0.612	0.731	0.709	0.700	0.767	0.667
R7	0.543	0.748	0.663	0.773	0.744	0.728	0.812	0.727

Note: Bold values are cross-loadings.

Table 5.14: Inter-correlation Matrix

	ACC	BENV	FAIR	HON	INT	LOY	RESP	TRUST
Accountability	0.728							
Benevolence	0.413	0.912						
Fairness	0.425	0.258	0.872					
Honesty	0.566	0.355	0.698	0.872				
Integrity	0.718	0.376	0.554	0.655	0.822			
Loyalty	0.637	0.258	0.487	0.576	0.648	0.832		
Responsiveness	0.643	0.330	0.526	0.649	0.651	0.599	0.836	
Trust	0.631	0.363	0.655	0.823	0.710	0.621	0.692	0.827

Notes: Diagonal (in bold) represents the square root Average Variance Extracted (AVE).

Accountability = ACC
 Benevolence = BENV
 Fairness = FAIR
 Honesty = HON
 Integrity = INT
 Loyalty = LOY
 Responsiveness = RESP
 Trust = TRUST

5.6 Stage 2: The Structural Model and the Measurement Model

The validity of the structural model is assessed by using the coefficient of determination (R^2) and path coefficients. As shown in Figure 5.5, a structural path model is designed to describe the relationship among the latent variables. The sequence of the construct in the structural model also connects theory and the research hypotheses that will be tested.

In addition, the measurement model describes the relationship between the latent variables and their indicators. As Hair et al. (2014, 41) pointed out,

Hypothesis tests involving the structural relationships among constructs will only be as reliable or valid as are the measurement models explaining how these constructs are measured.

To check for the path coefficient and R^2 , PLS-SEM applies bootstrapping. The process of nonparametric bootstrapping is important because in PLS-SEM the data are presumed as not normally distributed. The bootstrap sample enables the estimate coefficients in PLS-SEM to be tested for their significance and generate the t -statistics values (Hair et al., 2011). To obtain the standard error for hypothesis testing, repeated random sampling was performed for the replacement from the original sample. This is applied in order to create a bootstrap sample. This study generated 1,000 bootstrapping samples from 608 cases from the original sample.

5.6.1 Coefficient of Determination (R^2)

The model's predictive accuracy was measured by coefficient determination (R^2). The R^2 value indicates the amount of variance in the dependent variables that can be explained by the independent variables. Thus, a larger R^2 value increases the predictive ability of the structural model. The smart-PLS algorithm function was used to obtain the R^2 . The R^2 value for endogenous latent variable is considered substantial if the value is more than 0.67; 0.33 is considered moderate, and 0.19 is considered weak (Henseler et al., 2009).

Figure 5.5 shows the measurement model for this research. The combined effects of R^2 obtained for the latent variable show that accountability, benevolence, honesty, loyalty, responsiveness, integrity and fairness are able to explain 75.5% of the variance in public trust. Integrity achieved the highest R^2 (0.50), which explains more than 50% of the variance in public trust, followed by responsiveness with R^2 of 0.414

(41.4%), and loyalty with R^2 of 0.405 (40.5%). As for honesty, an R^2 of 0.32 can be considered moderate because it is difficult to provide rules of thumb for acceptable R^2 (Hair et al., 2014, p. 175). As Hair et al. pointed out, doing so depends on the model complexity and research discipline. Given this point, the R^2 for the public trust model construct is comparable to the recent findings (Heintzman & Marson, 2003; Wang & Wart, 2007; Xie & Peng, 2009), but fairness and benevolence recorded an R^2 of 18% and 17%, respectively, indicating weak R^2 s. The result denotes that fairness and benevolence only explained 18% and 17% of the variance in public trust respectively. Although fairness and benevolence show weak relation to public trust, studies have shown that the two constructs are important to win public trust for the government (Jones et al., 2010; Ingenhoff & Sommer, 2010); therefore, they were maintained in order to test their relationship and importance as mediators.

5.7 Stage 3: Path Coefficients

The structural model shows the path coefficient with each path connecting two latent variables representing the hypotheses of direct relationship. The analysis conducted for the path coefficient allowed the hypotheses to be confirmed. Results from the path coefficient also allowed the assessment of the strength of the relationships among the variables.

Table 5.15 shows the testing of path coefficients by using the Smart-PLS analysis. Path coefficients are the estimates obtained for the structural model relationship. They represent the hypothesised relationships among the constructs. The bootstrapping function allowed the output generated for the t -statistics and level of significance for all paths. Based on the t -statistics results, the level of significance of each path is determined. The results below can be used to determine the acceptance or rejection of the proposed hypotheses. (The testing of hypotheses is discussed in the next section.)

Path coefficients determined the level of significance of each construct. Based on the result from Table 5.15, it can be said that majority of the constructs have a 99% level of significance. However, the construct of accountability in relation to public trust, and loyalty in relation to public trust, have a 95% level of significance. In addition, the direct relationship of benevolence to trust is not significant. Although the direct effect is not very strong, and even though there is one construct that is not significant, the total direct and indirect effect of these constructs can be quite pronounced, as will be analysed in the following section on mediating effects. The sum of direct and indirect effect is called ‘total effect’ and will be discussed in the following section.

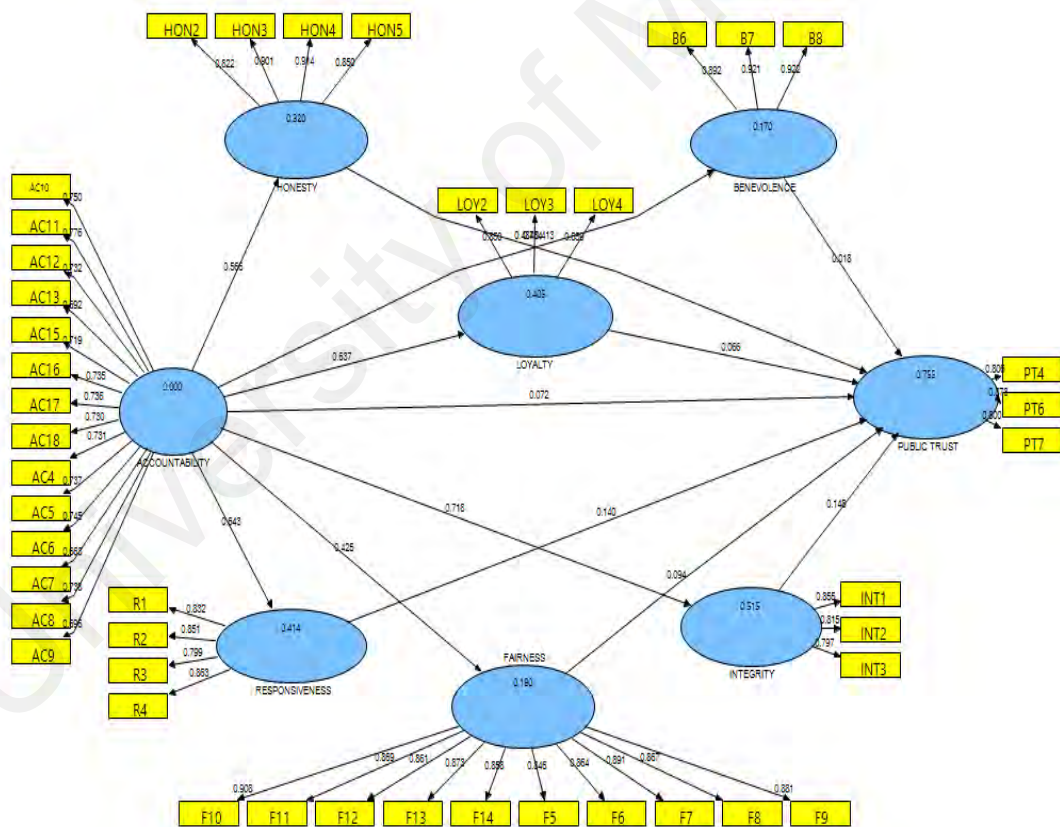


Figure 5.5: Result of the Measurement Model

Note: Standardised regression coefficients from a bootstrap procedure are provided along the paths.

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$.

Given the cross-sectional nature of this study, the direction of this model is based on past theoretical and empirical work.

Table 5.15: Path Coefficient Determination

Constructs	Path Coefficient (β)	Observed t-statistics	Level of significance
ACC -> TRUST	0.072	1.998**	0.05
ACC -> LOY	0.637	22.413***	0.01
ACC -> HON	0.566	18.900***	0.01
ACC -> FAIR	0.425	11.895***	0.01
ACC -> RESP	0.643	23.009***	0.01
ACC -> BENV	0.413	10.654***	0.01
ACC -> INT	0.718	32.619***	0.01
LOY -> TRUST	0.066	1.815**	0.05
HON -> TRUST	0.484	13.511***	0.01
FAIR -> TRUST	0.093	3.015***	0.01
RESP -> TRUST	0.140	4.490***	0.01
BENV -> TRUST	0.018	0.800	n.s.
INT -> TRUST	0.148	3.649***	0.01

Notes: *significance at 0.10, **significance at 0.05, ***significance at 0.01.

5.8 Effect Size (f^2)

Effect size is the change in R^2 value if any exogenous variables are omitted from the model (Hair et al., 2014). It can be used to investigate whether any of the omitted constructs have effect on the endogenous construct. The guideline of the effect size of the exogenous latent variable is 0.2 as small, 0.15 as medium and 0.35 as large (Cohen, 1992). Table 5.16 shows the effect size of the exogenous variables when they were excluded from the construct. Each of the exogenous variables that recorded more than 0.35 indicate that each of the variables has large effect size.

Table 5.16: Effect Size

	q^2	Q^2	f^2	Effect Size
Benevolence	0.140	0.828	4	Large
Honesty	0.241	0.588	0.842	Large
Fairness	0.136	0.755	2.526	Large
Responsiveness	0.289	0.697	1.346	Large
Integrity	0.347	0.674	1.003	Large
Loyalty	0.276	0.689	1.328	Large
Trust	0.513	0.679	0.517	Large

5.9 The Bootstrap Confidence Interval

The bootstrap bias-corrected confidence interval provides information on the stability of the coefficient estimates (Henseler et al., 2009). As Hair et al. (2014, p. 136) pointed out, ‘The confidence interval is the range into which the true population parameter will fall assuming a certain level of confidence (e.g., 95%).’ Table 5.17 displays that the upper weight and lower weight of the bootstrap bias-corrected confidence interval for benevolence, fairness, honesty, integrity and responsiveness are significant at a 95% probability of error level. Moreover, the bootstrap bias-corrected confidence interval for loyalty as the newly introduced mediator is also significant.

Table 5.17: Bias-Corrected Confidence Interval of Bootstrapping

	LOWER 95% BC CI	UPPER 95% BC CI
TOTAL	.4334	.5850
BENEVOLENCE	.0007	.0424
FAIRNESS	.0320	.0990
HONESTY	.1647	.2787
INTEGRITY	.0513	.1590
LOYALTY	.1008	.0784
RESPONSIVENESS	.0240	.1237

Note: BC CI bias-corrected intervals. *p < 0.05

5.10 Stage 4: Hypothesis Testing

The testing of hypotheses was performed by examining the direct and indirect relationships of the construct. As shown in Table 5.18, there were 12 hypotheses of direct relationship between the constructs. Six hypotheses were generated for the indirect relationships, illustrating the existence of mediator variables, and were tested in terms of their relationship to the dependent variable.

5.10.1 The Direct Relationship of the Path Analysis

As noted in previous studies, a path coefficient value needs to be at least 0.1 to account for certain impact within a model (Hair et al., 2011). This section assesses the

hypotheses for direct relationship of accountability to the six constructs of loyalty, honesty, fairness, responsiveness, benevolence and integrity. Also assessed is the direct relationship between public trust and loyalty, honesty, fairness, responsiveness, benevolence and integrity.

Table 5.18: Hypothesis Constructions - Direct and Indirect Relationship

No	RELATIONSHIP
1	ACCOUNTABILITY → PUBLIC TRUST
2	ACCOUNTABILITY → LOYALTY
3	ACCOUNTABILITY → HONESTY
4	ACCOUNTABILITY → FAIRNESS
5	ACCOUNTABILITY → RESPONSIVENESS
6	ACCOUNTABILITY → BENEVOLENCE
7	ACCOUNTABILITY → INTEGRITY
8	LOYALTY → PUBLIC TRUST
9	HONESTY → PUBLIC TRUST
10	FAIRNESS → PUBLIC TRUST
11	RESPONSIVENESS → PUBLIC TRUST
12	BENEVOLENCE → PUBLIC TRUST
13	INTEGRITY → PUBLIC TRUST
14	ACCOUNTABILITY → LOYALTY → PUBLIC TRUST
15	ACCOUNTABILITY → HONESTY → PUBLIC TRUST
16	ACCOUNTABILITY → FAIRNESS → PUBLIC TRUST
17	ACCOUNTABILITY → RESPONSIVENESS → PUBLIC TRUST
18	ACCOUNTABILITY → BENEVOLENCE → PUBLIC TRUST
19	ACCOUNTABILITY → INTEGRITY → PUBLIC TRUST

Direct Relationship

Indirect Relationship

Thirteen hypotheses of direct relationship (Table 5.19) were constructed, and the results indicate that all hypotheses were supported except for one. The hypothesis for benevolence as having a direct relationship with public trust was not supported. H₂

(accountability influences benevolence in the provision of local government services) is supported, consistent with the findings of Chan et al. (2013). Chan et al. (2013) elaborated that accountable leaders may show their benevolent character in order to encourage their subordinates in their work. However, H₃ (benevolence influences public trust in the provision of local government services) is not supported, indicating that, although benevolence is significant and important in an organisation, it may not necessary invite trust from the public. This finding contradicts that of Ingenhoff and Sommer (2010), who contended that trust can be gained by means of benevolence.

5.10.2 The Indirect Relationship and the Mediation Analysis

A mediating effect is created when a third variable exists in between the relationship of the independent and dependent variables. As noted by Hair et al. (2014, p. 36), ‘the indirect effect is characterised by the mediating effect’, but the analysis of the mediating effect of the indirect relationship should be based on theoretical reasoning (MacKinnon et al., 2012).

Table 5.19 Hypothesis Testing of Direct Relationship

Hypothesis	Relationship	Beta	SE	t-value	Decision
H ₁	ACC -> TRUST	0.072	0.036	1.998**	Supported
H ₂	ACC -> BENV	0.413	0.039	10.654***	Supported
H ₃	BENV -> TRUST	0.018	0.022	0.800	Not Supported
H ₅	ACC -> HON	0.566	0.029	18.900***	Supported
H ₆	HON -> TRUST	0.484	0.036	13.511***	Supported
H ₈	ACC -> INT	0.718	0.022	32.619***	Supported
H ₉	INT -> TRUST	0.148	0.040	3.649***	Supported
H ₁₁	ACC -> RESP	0.643	0.028	23.009***	Supported
H ₁₂	RESP -> TRUST	0.139	0.031	4.490***	Supported
H ₁₄	ACC -> FAIR	0.425	0.036	11.895***	Supported
H ₁₅	FAIR -> TRUST	0.093	0.031	3.015***	Supported
H ₁₇	ACC -> LOY	0.637	0.028	22.413***	Supported
H ₁₈	LOY -> TRUST	0.065	0.036	1.816**	Supported

Notes: *significance at 0.10, **significance at 0.05, ***significance at 0.01.

The researcher tested the mediator hypotheses proposed in the model. The mediation analysis was tested using the guidelines proposed by Preacher and Hayes (2013), whose analysis aims to test whether the indirect effect of the independent variable on the dependent variable, through the mediator variable, is significant. The current view stresses that the focus in mediation analysis should be weighted more in assessing the magnitude and significance of indirect effects (Hayes, 2013).

The mediator effect of the five constructs of ethical accountability (honesty, integrity, benevolence, fairness and responsiveness) has been proven in the literature. Loyalty is the new proposed mediator variables to public trust; thus, it poses as a significant variable in investigating trust towards the government.

Table 5.20 is the result of the mediation analysis. Six hypotheses were constructed for the indirect relationship via mediator analysis. The result showed that five of the hypotheses are supported and one hypothesis is not supported (ACC→BENV→TRUST). However, all five mediator constructs showed only 99% significance as mediator variables. This implies that the findings of previous studies—which showed that the indicators were significant as mediator variables—were not previously tested together aside from this research. Thus, this research confirms the findings from previous studies in that, whether these mediators were tested independently or together, their levels of significances are propounded.

Table 5.20: Mediation Analysis

Hypothesis	Relationship	Beta	SE	t-value	Decision
H ₄	ACC→BENV→TRUST	0.012	0.009	1.226	Not Supported
H ₇	ACC→HON→TRUST	0.276	0.022	12.788***	Supported
H ₁₀	ACC→INT→TRUST	0.126	0.029	4.324***	Supported
H ₁₃	ACC→RESP→TRUST	0.100	0.020	5.034***	Supported
H ₁₆	ACC→FAIR→TRUST	0.037	0.014	2.616***	Supported
H ₁₉	ACC→LOY→TRUST	0.053	0.022	2.369***	Supported

Notes: *significance at 0.10, **significance at 0.05, ***significance at 0.01.

5.10.3 Implication of the Results

As shown from the results presented above, the direct relationship of ethical accountability, which consists of integrity, responsiveness, fairness and honesty, gathered a 99% level of significance. On the other hand, the direct relationship of accountability to public trust recorded a 95% level of significance. It is also noted that, regardless of the type of house the respondents lived in, accountability is regarded as an important factor to achieve public trust. This view is independent of whether they live in their own house or otherwise, or whether their residence is within or outside their respective local authorities.

The direct relationship of six aspects of ethical accountability—benevolence, integrity, loyalty, fairness, responsiveness, fairness and honesty—recorded interesting results. Two hypotheses, H_3 (benevolence to trust) and H_4 (accountability to benevolence to trust), are not supported; thus, benevolence is not an important contributor to public trust. This implies that, to increase public trust, other variables are more important and can be further justified. Benevolence becomes insignificant only when other variables are in existence. In this sense, loyalty as a new proposed mediator variable becomes more important in increasing public trust.

The findings also indicate that the direct relationship of loyalty to public trust achieved a high level of significance (95%), and that other variables of honesty, integrity, responsiveness and fairness gained a 99% level of significance. In this sense, 46.5% of the respondents in age group 20 to 30 years and 73.7% of permanent staff in the local authority regarded loyalty as an important variable to achieve public trust.

5.11 Chapter Summary

The purpose of this research is to test the direct and indirect relationship of the estimated variables, and where mediator variables were also introduced. In testing the relationship, the researcher employed the Smart-PLS modelling technique, which enables the application of a scientific modelling system of relating variables. The technique facilitates the testing of complex relationships of multiple mediators. Accordingly, a majority of the hypotheses are supported. The 12 hypotheses of the direct relationship were tested, and only one hypothesis is not supported. Six hypotheses for the indirect relationship were tested, and five of them showed significant relationships. Based on theoretical reasoning, the five significant variables for the indirect relationship were proven as mediators, but one hypothesis for the indirect relationship is found to be insignificant.

CHAPTER 6: DISCUSSION, IMPLICATIONS AND CONCLUSION

6.1 Introduction

Trust varies at the three levels of government—federal, state and local—and the degree of trust depends on the quality of service received. The federal government feels the pressure for earning public trust because it has to make sure all citizens receive public goods equally and satisfactorily. As for the state government, the dilemma is felt in terms of stability and the relationship between the federal and state government: if the state has problems with the federal government, the public will suffer the most and thus it will affect public trust. The local government, as the lowest level of government and the one that deals the most with the public, faces the most scrutiny and comments from the latter regarding service delivery. Most of the issues at the local level can and do directly affect public trust. The inability of local governments to provide quality service due to financial constraints and overburdening of workloads can influence the public not to trust the local government. Issues such as corruption and inefficiency are rampant in the media, which surely affect public trust.

The present study has focused on the concept of ethical accountability to promote public trust within the local governments. The following questions were posed in relation to the problems addressed:

- RQ 1 What is the level of accountability and ethical accountability in the provision of local government services?
- RQ 2 What is the relationship between public trust and accountability in the provision of local government services?
- RQ 3 What is the relationship among public trust, accountability and ethical accountability in the provision of local government services?
- RQ4 What is the scope and ability of the local government in the provision of local government services?

Hence, the research objectives were as follows:

- RO1 To determine the level of accountability and ethical accountability in the role of local government in the provision of services.
- RO2 To investigate the relationship among public trust, accountability and ethical accountability in the provision of local government services.
- RO3 To examine the scope and ability of local government in the provision of local government services.

To answer the research questions, six local authorities were chosen to represent the federal government and the Selangor state government. The Smart-PLS technique was used to test the relationship among accountability, ethical accountability and public trust. This technique was deemed appropriate because it can handle non-normal distributed input data and complex models and it is also applicable to theory development.

The thesis consists of six chapters. The first chapter provides the underlying foundation of this study and explains the motivation for the study. Overall, the study aims to understand factors that contribute to public trust in local government service delivery. Accountability of local government employees is the fundamental factor for the enhancement of public trust. This study thus covers the issue of accountability and public trust in local government services. The dilemma of accountability among public servants is felt at all levels of government, which leads to the question of trust among the public towards the government. As such, the local government as a field government has direct involvement in giving services to the public, and the question of accountability is felt most acutely at this institutional level. For one thing, trust towards the local government can be tarnished by low quality of services given to the public.

This study introduces accountability as an independent variable and proposes ethical accountability as a mediator variable that can improve public trust. The inclusion

of ethical accountability as a mediator or an intervening variable helps explain and reflect the model of the relationship. In fact, ethical behaviours emerge during the practice of accountability and thus influence public trust. The study is motivated by the lack of research on accountability and public trust within the local governments and also by the call for empirical research to determine ethical accountability as a mediating variable between accountability and public trust.

The main objective of Chapter 2 was to provide a brief history of the local governments in several countries that have experienced the improvement of service delivery. In particular, it explained how the local governments have overcome or improved accountability and public trust through decentralisation and local autonomy. The study concluded that most of the successful decentralisation processes relied on the capability and motivation of the central/national/federal government in overseeing the transformation. Chapter 3 reviewed the literature on accountability and public trust. Five theories were highlighted to explain accountability and public trust. The social capital theory and the principal-agent theory were the main theories used for this study. These theories were deemed suitable and closer in explaining the relationship among values and how these values help to achieve public trust. Based on the discussion and review of literature, the study identified several gaps in the research.

Chapter 4 continued with the methodology used for the study. Simple random sampling was chosen in selecting the respondents. The preliminary analysis was performed for data screening and this chapter described the process of gathering and cleaning the data. Nineteen hypotheses were developed, with 13 dealing with the direct relationship of accountability and public trust, and the other six stressing the role of ethical accountability as a mediator. Chapter 5 reported the findings of this study. The study stressed ethical accountability as a mediator to public trust, whereas

accountability served as an independent variable, as mentioned in the literature review. Six ethical accountabilities were proposed: benevolence, honesty, loyalty, integrity, responsiveness and fairness. Loyalty was a new addition, suggested as a mediator to public trust. By using the Smart-PLS technique, the study found a significant impact of the mediator between accountability and public trust. On the other hand, two hypotheses were found to be insignificant. Benevolence was found to be insignificant to public trust in both direct and indirect relationships.

6.2 Discussion of the Findings

The study proposed 19 hypotheses which were identified through the application of the Smart-PLS technique. These hypotheses consisted of direct and indirect relationships between the variables. The general purpose of the study was to investigate the effects of accountability and ethical accountability on public trust in local government service delivery. As a whole, the findings support that accountability and ethical accountability can influence public trust.

To determine the relationship among the variables, the *t*-value in the hypothesis testing was examined. The findings of Feldheim and Wang's (2002) study suggest that the mediating role of ethical accountability is important for generating public trust. Accountability alone cannot convince the public to trust government, in particular, local government.

Principal-agent theory explains the relationship of actors in a country who play important roles as bureaucratic staff, politicians and the public. It consists of a relationship of delegation, representation, accountability and control. This theory asserts that an agent has been entrusted by the principal to carry out responsibilities and duties towards the public. In democratic countries, the role of a principal is played by the

government and the public, while the agent is public service employees. Delegation of power happens when the principal trusts an agent to carry out the task. In simple words, when the government is chosen after an election, the government becomes the principal and will choose an agent to carry out the task of administering the services. An agent entrusted with responsibilities is obligated to carry out the prescribed duties and must uphold the objectives of the principal. In addition, members of the public are the principal because they are the voters and they choose the ruling government through elections. Thus, in representative democracy, the ruling government is an agent voted to fulfil public wishes and provide public services. The existence of multiple agents and multiple principals cannot be avoided. The possibility of a shirking agent or an agent concealing information is also apparent. Thus, what are the ways to ensure behaviours of an agent favourable to the public? The research objectives are as follows:

Research Objective 1: To determine the level of accountability and ethical accountability in the role of local government in the provision of services

and

Research Objective 2: To investigate the relationship among public trust, accountability and ethical accountability in the provision of local government services.

The level of accountability and ethical accountability in local government services was investigated through the direct relationship of accountability and ethical accountability. The study also explored the relationship between accountability and public trust, and the relationship between ethical accountability and public trust. To answer research objectives 1 and 2, this segment explains the direct relationship of accountability and public trust, and the indirect relationship among accountability, ethical accountability and public trust. All these queries addressed hypothesis H₁ through H₁₉.

(a) The Direct Relationship of Accountability to Public Trust

For the direct relationship of accountability to public trust, the study proposed one hypothesis as follows:

H₁ Accountability influences public trust in the provision of local government services.

The result for the first hypothesis showed that accountability influences public trust in local government service. The scores of $\beta = 0.072$, $t = 1.998$, and $p < 0.05$ proved a significant contribution of accountability to public trust. This finding is in conformity with that found in a previous study on accountability and public trust (Wang, 2002).

Social capital theory explains that the stock of social capital can be low or high. In this sense, accountability activities can be regarded as social capital where the fluctuation of it in public service will determine the level of trust from the public. As part of social capital, accountability is measured by three aspects: accountability activities, service and outcomes of accountability, and challenges of accountability. Accountability symbolises good governance and fits well within the governmental context for service delivery. In fact, the focal point of administrative reforms applies accountability as a benchmark for improvement. The findings proved that accountability plays an important role in service delivery in that the loadings for each item displayed a higher value of 0.663 and 0.775 respectively.

According to expectancy theory, an individual's decision is based on the act of making choices with the expectation of having outcomes with maximum benefits. High stock of social capital in a country motivates public service employees to increase their work performance and positive expectations. Accountable public servants choose the

action that benefits the public at large. However, levels of social capital are varied and differ across time.

In this sense, accountability differs across time, within and between organisations. Martinsen and Jorgenson (2010) stressed that organisational characteristics and the nature of accountability itself have contributed to the differences in the level of accountability. Studies have suggested that accountability is flexible and depends on other factors such as values, trust and interaction (Martinsen & Jorgenson, 2010). As asserted in post-materialist theory, the quest for wealth and material being become irrelevant when people have accomplished it, and public demand becomes less materialistic. In service delivery, it is accountability of public servants. Thus, accountability is an easily accepted concept and may fit well in any context and situation. The findings from the present study corroborate those with regard to ethical accountability in an organisation, particularly those by Fard and Rostamy (2007), Xie and Peng (2009), and Ingenhoff and Sommer (2010). In conclusion, the results have proved that accountability is strongly required in an organisation.

One previous study also identified that accountability relationships are complicated by the fact that organisations often have to deal with competing accountability demands (Ebrahim, 2005). In other words, accountability is a relational concept that cannot stand alone. Bovens (2005) identified that accountability of public servants applies to multiple actors: to the authority, to the public, and to themselves. This is further explained by Schillemans (2008) in terms of horizontal accountability which refers to accountability activities in relation to peers, equals, stakeholders or those outside the hierarchical relationship. The asymmetric relationship of accountability as envisioned by agency theory would result in a situation where accountability is most felt or practiced in the agency. Since the focus of this research is

on how to achieve public trust through the work of accountability, the study has identified three aspects of accountability: accountability activities, challenges of accountability, and service activities and outcomes. In particular the study investigated the accountability of employees in routine work operations. Factor loadings showed that the accountability activities achieved the highest loadings (0.731, 0.775, 0.736, and 0.729 respectively) compared to the challenges of accountability and service activities and outcomes. This result implies that the local authorities studied did attend to accountability practices in terms of safeguarding financial records, concern on service performance and monitoring of service delivery.

(b) Ethical accountability and mediator relationship

Postmodernism implies a focus on a transition era that has happened globally and been felt by people at large. The transition is a movement from a pre-existing scenario to a new phenomenon or trend. Nowadays, the static relationship in an organisation is no longer visible; every employer and employee is now both accountable and responsible for his or her work activities.

The results on the direct relationship between accountability and ethical accountability attested that all hypotheses along those lines are supported. The study found a significant relationship between accountability and ethical accountability, and the result of the relationship between accountability and ethical accountability showed that all constructs (loyalty, honesty, fairness, responsiveness, benevolence and integrity) are supported at a 99% level of significance. The findings confirmed the findings of Mesquita (2007) and Ingenhoff and Sommer (2010) on accountability and ethical accountability. Honesty, loyalty, benevolence, integrity, fairness and responsiveness were found to be significant, implying that ethical accountability is significant to the contribution of effective service delivery of local government.

In relation to the degree of public trust in local government service delivery, the result indicates a strong positive relationship of accountability and ethical accountability towards public trust. The R^2 value of 0.755 suggests that 75.5% of the variance in the extent of public trust can be explained by both accountability and ethical accountability. The importance of accountability and ethical accountability to public trust was proven by several studies such as Feldheim and Wang (2004), Fard and Rostamy (2007), and Wang and Wart (2007). Thus, it can be concluded that the degree of public trust depends on the fluctuation of accountability and ethical accountability practices

Accountability, ethical accountability and public trust are indeed forms of social capital, and the discussion on the relationship will further justify the importance of these constructs in public service. Performance theory suggests that the practice of micro performance will definitely increase accountability of public servants in their duties of serving the public. The following discussion observes the direct relationship of ethical accountability and public trust. The result showed that loyalty is the most supported attribute of ethical accountability, with a 95% level of significance ($\beta = 0.065$, $t = 1.816^{**}$). However, benevolence is not significant ($\beta = 0.018$, $t = 0.800$), indicating that this attribute of ethical accountability does not contribute to public trust.

H₂: Accountability influences benevolence in the provision of local government services.

H₃: Benevolence influences public trust in the provision of local government services.

H₄: Benevolence mediates the relationship between accountability and public trust in the provision of local government services.

The first construct of ethical accountability examined is benevolence. As indicated in hypotheses H₂, H₃ and H₄ above, benevolence is measured in the context of a direct relationship in which the attribute is treated as a mediator variable. In general,

benevolence is defined as genuine interest and sincerity in serving the public. It is specifically measured through the feeling of satisfaction with regard to the service given to three types of communities: the local community, businesses and entrepreneurs. H_2 indicates that the influence of accountability on benevolence is significant (at 99%), indicating that an employee of a local government regards benevolence as important to encourage accountability. The result also implied that the importance of benevolence cannot be disregarded. Rather, it should be enhanced and nurtured.

The study found that benevolence is not significant for its influence on public trust (H_3) or as a mediator variable (H_4) ($\beta = 0.012$, $t = 1.226$). This result is not consistent with the findings of Xie and Peng (2009) and Mesquita (2007), who found benevolence a significant mediator. Accordingly, a new established mediator variable, loyalty, was introduced in this study. As a mediator, loyalty was found to be significant, attesting that, in the presence of loyalty as a mediator to public trust, benevolence has become insignificant. It is interesting to note that benevolence is not considered an important mediator to public trust, which confirmed that the community is not concerned about whether the local authority staff genuinely cares for their well-being as long as the services are provided and completed. This finding also suggests that other types of ethical accountability are more important compared to benevolence. Loyalty is mostly studied in marketing (Feldheim & Wang, 2004; Deghan & Shahin, 2011; Liu & Hung, 2010, Nguyen et al., 2013), but organisational benevolence is important for promoting employees' motivation (Chan et al., 2013). Studies on loyalty and benevolence mostly concern identifying whether the act of benevolence can influence customers' loyalty in purchasing a product (Liu & Hung, 2010; Nguyen et al., 2013). Benevolence has been described as genuine caring and a noble value that exists within a human being. Both benevolence and loyalty have high factor loadings: three questions for benevolence have factor loading of 0.91, 0.921 and 0.921, and three questions for

loyalty have factor loadings of 0.849, 0.784 and 0.858, respectively. The loadings reflect the strong correlation between benevolence and loyalty. For example, the work ethics in all local governments imply that they should be loyal to the organisation. In this sense benevolence can be explained as an intrinsic value expressed through the act of loyalty to the organisation. Confucianism believes that benevolence can be the way to extend love.

In assessing these findings, it is important to note that social capital can consist of anything within the circle of ethical accountability. According to principal-agent theory, in order for an agent to perform duties truthfully and efficiently, an agent needs to be guided by ethics. In other words, an agent needs to be conscious that good or bad intention and actions will have outcomes, whether positive or negative. In this sense, an agent has a choice to consider which ethical behaviour is important. Thus, the findings confirm that benevolence becomes insignificant as a mediator when loyalty is also in existence.

H₅: Accountability influences honesty in the provision of local government services.

H₆: Honesty influences public trust in the provision of local government services.

H₇: Honesty mediates the relationship between accountability and public trust in the provision of local government service delivery.

In this research, honesty was measured in terms of commitment to service delivery and honest acts. The analysis of the direct relationship in the hypotheses of H₅ and H₆ showed positive results in that honesty plays a significant role in public trust ($\beta = 0.484$, $t = 13.512$, $p < 0.01$). The results indicated that the public views honesty as laudable behaviour among other ethical accountability acts.

Honesty as a mediator to public trust achieved a 99% level of significance ($\beta = 0.276$, $t = 12.788$, $p < 0.01$). This attests that honesty is a valuable variable and that the

organisations as well as the public see honesty as apparent in the organisations' daily operations. Although the importance of honesty is still being debated (Vadi & Jaakson, 2006), the findings of this research confirm the importance of the attribute, justified by the findings of Wang and Wart (2007). In particular, Wang and Wart found that the Cronbach alpha for integrity and honesty as a mediator was 0.80, indicating an acceptable reliability index. In the present study, most of the respondents believed that honesty should be nurtured, and Vadi and Jaakson (2006) confirmed that managers in Soviet history and nearly two-thirds of US corporations had failed to demonstrate honesty, and this necessitates the need to facilitate a culture that value honesty. In other words, the political upheavals that took place around the world mostly demand honest leadership.

H₈: Accountability influences integrity in the provision of local government services.

H₉: Integrity influences public trust in the provision of local government services.

H₁₀: Integrity mediates the relationship between accountability and public trust in the provision of local government services.

Integrity scores the significant value of 99% ($\beta = 0.718$, $t = 32.619$, $p < 0.01$). The result is consistent with previous findings on accountability and ethical accountability. It also proves that nowadays value focus is the most valuable commodity in service delivery. The integrity in dealing with service delivery is about the public's concerns. In terms of integrity, the findings indicated that the local government sectors have tried their best to uphold the concept of integrity in their daily operations. The effort toward good value practice has been found everywhere in the local governments' administration, and most countries have made their best efforts to promote integrity. For example, the United Kingdom has implemented the Best Value practice—an approach applauded as one of the biggest transformations in the U.K.'s local government.

Integrity has been measured through a good value system and sound principles within an organisation. This research finds integrity as a significant mediator variable to public trust at 99% ($\beta = 0.126$, $t = 4.324$, $p < 0.01$). The findings suggest that each organisation practices a good integrity system, which exists in the code of conduct in the organisation.

A study by Xie and Peng (2009) found that integrity had a positive and significant effect in promoting trust ($r = 0.764$, $p < 0.01$). In particular, the study was conducted to identify a mechanism that can repair trust after negative publicity, and the finding showed that the rebuilding of trust will succeed if the employees demonstrate their integrity in handling problems.

The importance of integrity among local government employees is the main concern of each local authority. These organisations have either (1) their own integrity units (in the case of DBKL) or (2) an integrity plan (*Pelan Integriti*) (in the case of MPAJ and MPK). As for MBSA, the organisation has provided an avenue for online complaints on any issue regarding integrity, such as the misuse of power and corruption.

H₁₁: Accountability influences responsiveness in the provision of local government services.

H₁₂: Responsiveness influences public trust in the provision of local government services.

H₁₃: Responsiveness mediates the relationship between accountability and public trust in the provision of local government services.

Responsiveness is measured by speed and accuracy in public service. The testing of hypotheses H₁₁ and H₁₂ uncovered that responsiveness scored significant value to public trust (99%). Responsiveness was also found to be a significant mediator in relating accountability to public trust ($\beta = 0.100$, $t = 5.034$, $p < 0.01$). The findings showed that fast response to service by the local governments is a necessity to invite

trust from the public. The Ministry of Housing and Local Government's Annual Report for 2013 showed that the overall percentage of response time to the complaints received has a 98% achievement level, indicating that the local government is giving fast response to complaints made by the public. This concludes that the public appreciates the fast service given by the local authority. The result also conforms to the findings by Griffith et al. (2006), who regarded responsiveness as a mediator variable. The finding of the present study is consistent with that of Vigoda (2000), who confirmed that responsiveness is one of the important variables in service delivery.

Complaints on inefficient service are evident in terms of the speed of handling public complaints and businesses. Items on the questionnaire such as 'the local authority officers are approachable' and 'the local authority officers are helpful' recorded a high loading of 0.708 and 0.807 respectively. Complaints regarding the unfriendliness and harsh manner of public officers are apparent in the social media and became the reason for the respondents' giving a high response rate to the statement on responsiveness.

H₁₄: Accountability influences fairness in the provision of local government services.

H₁₅: Fairness influences public trust in the provision of local government services.

H₁₆: Fairness mediates the relationship of accountability and public trust in the provision of local government services.

In this study fairness was measured by fair practice in following the rules and standards provided by an organisation and by equal treatment within personal and organisational contexts. The testing of hypotheses H₁₄ and H₁₅ yielded a significant relationship (99%), and most of the respondents agreed on the importance of treating people equally and fairly in all aspects of life. Fair treatment, respondents clearly felt, should be the utmost concern of government in all segments of administration.

The findings also indicated that fairness is an important mediator variable to public trust ($\beta = 0.037$, $t = 2.616$, $p < 0.001$). This discovery corroborated that of Heintzman and Marson (2003), who also found fairness a significant mediator. If the public trusts the authority, they are likely to consider government rules as fair. The importance of fairness can be seen in the Malaysian public service, in which equality in distributing benefits and country resources are imminent concerns.

H₁₇: Accountability influences loyalty in the provision of local government services.

H₁₈: Loyalty influences public trust in the provision of local government services.

H₁₉: Loyalty mediates the relationship of accountability and public trust in the provision of local government services.

The testing of hypothesis H₁₇ resulted in significant score values for loyalty at 99% ($\beta = 0.637$, $t = 22.413$, $p < 0.01$), attesting that the attribute is an important aspect of ethical accountability that can contribute to local government services. In fact, most local government employees felt attached to the organisation, and this could also be due to the fact that they cannot move elsewhere. The findings showed that all responses to the questions regarding loyalty had achieved the highest loadings of 0.849, 0.784 and 0.858 respectively. The testing of hypothesis H₁₈ showed that loyalty is important to gain public trust by a 95% level of significance ($\beta = 0.065$, $t = 1.816$, $p < 0.05$). In this study, loyalty as a newly proposed mediator to public trust was measured within two aspects: organisation loyalty to public needs and individual workers' loyalty to the public and the organisation.

The results showed that loyalty is significant as a mediator ($\beta = 0.053$, $t = 2.369$, $p < 0.001$). Most studies on loyalty have been in marketing research, whereas in government studies, loyalty is often related to the authority (government and political figures), and the studies have been conducted in a way that depicts loyalty as the end to

be achieved or as the means to achieve something. This study also confirms the existence of loyalty as an important mediator variable in which other constructs, including benevolence, will become less important in the presence of loyalty. As such, the current political debates that centre on government performance in service delivery should consider loyalty as an important mediator with regards to the accountability of government civil servants.

To summarise the findings, the significant result achieved for the direct relationship of accountability to ethical accountability is academically understood and well researched. Although the findings of previous studies have attested that accountability differs across time, within and between organisations (Martinsen & Jorgensen, 2010), the underlying foundation of accountability practices is almost unanimous, that is, the organisations do practice accountability, whether in terms of keeping records and databases for financial performance, service performance or monitoring of services.

In order to achieve public trust, local government organisations and the public need to establish a communication link with each other (Jones et al., 1978; Giaque, 2003). Most of the common complaints by the public are that an agency's one-way relationship with the public is due to the employees' perception towards the citizens (Giaque, 2003). The agencies feel that the public is not as knowledgeable as they are about service delivery (Peters, 2010), and low expectations are also due to the organisation's presumption that the public has no other alternatives to the public services (Jones et al., 1978).

In the present study, five hypotheses supported ethical accountability as a mediator to public trust. The remaining hypothesis is not significant to public trust. The need for ethical accountability is explained by Dubnick and Justice (2006), who iterated

that, in striving for accountable government and, later, trust from the public, the concerned party should eliminate or reduce ‘evil’ that hinders the objective to be achieved. ‘Evil’ in this matter concerns inappropriate or unethical behaviours such as corruption and fraudulent acts. In this matter, ethical accountability is important in the sense that it can become the guideline for the attainment of moral conduct within an organisation.

The study by Wang and Wart (2007) on the impact of participation on trust supports the findings of this research. In particular the study concluded that enhanced ethical behaviour is one of the factors that lead to trust. Their study also ascertained that accountability is not the reason for participation leading to trust, which supports the findings of the present research that hypothesised ethical behaviour serves as a mediator to public trust. The study done by Fard and Rostamy (2007) in determining which type of accountability is important found that ethical accountability plays an important role, and is in the same category as legal, political and financial accountability.

Discussions on the impact of ethical accountability are pronounced in theories that were mentioned in this study, in which the focus of ethics was prominently highlighted. Post-materialist theory regards people nowadays as having turned their focus towards non-material satisfaction as compared to previous lifestyles. Therefore, the concern on ethics must be the focal point for public sectors. Social capital theory outlines ethics or norms as the important stock for public servants in service delivery. This statement is supported by expectancy theory, which emphasises the choices people make in practicing good conduct or behaviour in order to gain positive outcomes. Thus, in service delivery, the belief that ethical accountability can increase public trust should be the focus for governments in power.

The study on ethical accountability as a mediator proves the importance of honesty, loyalty, integrity, fairness and responsiveness as social capital in which the focus on these variables is imminent in public sector. In order to improve service delivery of the local government, each local authority should observe these ethical variables and place it as an important agenda item for administrative reform.

Research Objective 3: To examine the scope and ability of local government in the provision of local government services.

To fulfil the third objective, the present research surveyed the functions of each local authority by disseminating a list of functions to be identified by organisations' officers. As described in the Local Government Act 1976 (Act 171), the local authority holds five main functions that consist of health, licensing, social services, public facility/development, general services and enforcement. The discussion also provided comparative perspective from developed countries such as the U.S, the U.K, Australia and South Korea.

Principal-agent theory attests that an agent has been entrusted with responsibilities delegated by the principal and this agent must try to fulfil the duties as well as possible. In this study, the principal is the ruling government and an agent is the staff in local authorities. Thus, government as the principal delegates the duties of serving the public to local authorities as the agent. Conversely, in assessing accountability and public trust, the public can also become the principal that relies on local authorities in service delivery. In this sense, the public can assess the accountability of local authorities and the performance can influence public trust.

As expected, each local authority performs its functions based on its capability and status. Organisations with 'city hall' status like Kuala Lumpur's City Hall (DBKL) and the Shah Alam City Council (MBSA) have performed most of the functions stated,

with DBKL executing more functions compared to MBSA. Furthermore, DBKL is located in a region that has no state government, probably because DBKL falls under the jurisdiction of the federal government, thus the organisation bears heavier responsibilities. Being under the federal jurisdiction, Kuala Lumpur as the capital city of Malaysia is the centre for economics, business, education, culture and other developments.

The urge for a more resilient local authority is mostly felt by DBKL and MBSA because DBKL is under the federal government and MBSA is one of the local authorities in Selangor which hold city status. As such, DBKL has to shoulder the provision of affordable housing using the funds provided by the Ministry of Finance, and the organisation also has to administer its housing department for this purpose. The need to provide more public housing is a burden, especially to DBKL following its apparent difficulty in providing such facility. In DBKL, public housing consists of flats and one-storey houses. Currently, there are 71,031 units of public flats or *Perumahan Awam* (PA) and public housing or *Projek Perumahan Rakyat* (PPR) allocated for this purpose, and the low-income earners are permitted either to buy or to rent the units. As of September 30, 2015, only 27% units had been sold. DBKL still holds responsibility of maintaining the sold units in order to ensure that the owners or tenants live comfortably. According to the Mayor of DBKL, the budget spent for development and management also increased by 2.1% in 2015 (Abd Aziz, 2015).

The Malaysian government has attempted at its best to improve the performance of local authorities throughout the years. This can also be seen in the flourishing of privatization programs in the 1980s when many countries moved in this direction. For example, the United Kingdom's former Prime Minister, Margaret Thatcher, applied the techniques of the private sector onto the public sector. She introduced the Compulsory

Competitive Tendering (CCT). However, for Malaysia, this kind of move is not applicable to local authorities since local government is a state matter and the issue of financial constraint faced by many local authorities in Malaysia is very real.

Meanwhile, several functions are performed by all local authorities. To name a few, these functions consist of business and pet licenses, enforcement, vector control, management of wet markets, community halls, and public toilets. They are the obligatory functions of a local authority. The failure to provide these facilities or services will tarnish the image of Malaysian local government. The main apparent issue is the maintenance of these facilities. Complaints of dirty public toilets are massive and continue to be displayed in daily media, and the problems with waste management are rampant. A majority of local government officers in the survey agreed that the maintenance of these services is one of the dilemmas faced by their local authority. The problem has persisted despite continuous awareness campaign programs by the local community and supported by the local authority. In addition, cooperation from the public is needed to ensure the cleanliness and ethical activities. In other words, the cooperation of both parties is important to ensure that the problems can be resolved.

The main question raised here is whether the range of local government services can affect public trust. The results from the present study show that the accountability of local government employees has a positive influence over public trust. The relationship between accountability and public trust is significant at 95% ($\beta = 0.72$, $t = 1.998$) and the item loadings from accountability and public trust also showed high loadings. The questions posed in accountability constructs such as ‘_this local authority can continue paying for the services provided’ and ‘_this local authority closely monitors service delivery procedures and information’ achieved high loadings of 0.737 and 0.736 respectively. High loadings were also recorded for public trust questions: ‘_this local

authority is reliable' (0.806), 'this local authority is trustable' (0.873) and 'I am willing to praise the services provided by local authority to my relatives and friends' (0.799). These results proved that efforts by the local authorities to improve their service delivery can increase trust from the public, and it is in conformity with micro performance theory, which stresses the performance quality of public service in order to gain public trust.

The results on accountability and ethical accountability in service delivery are also quite in line with efforts made by the previous U.K. Prime Minister, Tony Blair, in inserting values to improve the serviceability of public sector employees and local authorities in particular.

The continuous effort by DBKL toward maintenance, such as for public roads and public toilets, should persist. According to the Mayor of DBKL, RM253 million was allocated for the maintenance of public roads and RM168.1 million for the maintenance of drainage, river, and flood mitigation in 2015 (Abd Aziz, 2015). The maintenance and development of service delivery and public goods for a local authority with 'city' status is not an extreme burden. The problem only arose for local authorities labeled as 'district', which is often said to have low financial standing and smaller range of services.

On October 2, 2007, a star rating system for local government (*sistem star rating PBT*, SSR-PBT) was initiated. SSR-PBT was implemented to (1) evaluate the level of service delivery by the local government, (2) encourage a competitive spirit from each local authority and (3) ensure the effectiveness and sustainability of services. Based on the results for the year 2013, DBKL, MBSA, MPK, MPAJ and MDKS managed to obtain a four-star rating, whereas MDHS only obtained a three-star rating.

The star rating system showed that, with effort and motivation, the local authorities with ‘district’ status can be at the same level of performance with other local authorities carrying a higher status. Majlis Daerah Kuala Selangor (MDKS) proved that a council with ‘district’ status can achieve a four-star rating equal to that obtained by the councils with ‘municipal’ and ‘city’ status, but it is important to note that district councils play a lesser role in functions compared to municipal and city councils. A district council is more focused on infrastructure, basic facilities and public utilities. By achieving an equal star-rating as other higher councils, the assessment on district councils should be compared that of other district councils.

In this study, MDKS should be comparable with MDHS because the two councils deliver the same functions and bear the same responsibilities. Compared to MDHS, MDKS carries more tasks and some, such as landscape and management of streets, are carried out by the organisation while some are contracted out. These two functions, however, have been fully contracted out by MDHS. Furthermore, MDKS has always been updating its online services and informing the public on its performance on a monthly basis.

It is also important to note that, even though efforts have been made to improve the performance of local government, such as code of ethics/conduct already made known to the staff, the establishment of integrity units and systems of rewards and punishments, the issues still persist. The reformation in New Public Management (NPM) has made the interaction and the organisation of local government more effective, but the problems are still in existence. Postmodernism insists that changes within the country, as well as global changes, make the problems more complicated. This research insists that to improve performance is to focus on the intrinsic factors of individuals, that is, the concept of ethical conduct of which everyone possesses some

degree of comprehension. Thus, the research stressed that, even though some values seem to be insignificant, the importance of it cannot be ignored since other methods have not succeeded in improving the performance.

6.2.1 Overall Evaluation of the Findings

Social Capital theory stressed on the high and low stock of social capital that can affect the way individuals communicate with each other. Agency theory looked at the task or responsibility given to an agent by the principal. Performance theory determined the performance of an employer/employee through the micro and macro performance. Expectancy theory believes that a particular action by a person is due to the expectation on a positive outcome that result from that particular action. Postmaterialism concern on a non-material achievement after the material achievement has been achieved. Post-modernism implies that changes happened in this world and people must adapt to these changes. Questions may ask in this aspect are how these theories related to accountability of public sectors? How this theory can influence or attract people to trust government? What is the relationship between political scenario in a country with accountability and public trust? How cultures of a country influence accountability and public trust?

The world evolves with the changing of climate, economics, socially, culturally and in politics. Several political occurrences shaped a new outlook in policies either locally or internationally. In United States of America, the winning of Donald Trump as the 45th and current President of America, Theresa May presumed office of Britain's Prime Minister in 2016, the changes of Prime Minister of South Korea in 2017 and Australia's in 2015. The shift of policies and political agenda are quite apparent in line with changes of these government. May's focused on Brexit make Britons believed the Central government had abandoned them. However, it can be seen that the impact are

not so much on local government. Experiences from these four countries in fostering accountability to increase public trust through decentralisation of local government are much applauded and can become a good example for Malaysia. Decentralisation, from expectancy theory perspective is supposed to gather positive outcomes. However, for South Korea it proves otherwise. Local elections in South Korea are clouded with favouritism, monopoly and others. Whereas Australia still struggle to eliminate corruption and improve accountability. What about Malaysia? If Malaysia to have local election, can local voters and local candidates separate national issues and focus on local issues? Can local voters choose candidates without looking at party preference? Will accountability of local government staff been tampered with political agenda and not on local agenda? It is still doubtful because most developing countries opted for local autonomy proves there are many unforeseen problems because of decentralisation. To name a few, Indonesia¹⁴, Sri Lanka¹⁵, the Philippine¹⁶, South Korea (Bae, 2009) and others.

As for Malaysia, the change in government especially state government marks the end of monopoly by the Barisan Nasional (BN) and the urge for more responsible government are apparent in this matter. Agency theory denotes that an agent must fulfil the principal wishes in order to ensure a continuity of duty by an agent. Thus, the result of a national election 2013 was the plea for a more accountable agent/government. Similarly, effort done by the former Prime Minister of Tony Blair and the move towards political decentralisation in South Korea were to find solution and to foster public trust. However, as can be seen Malaysia as a multiracial countries faced an intricate problem of uniting its races with diverse ethnicity, language and religion. Unity in diversity is the

¹⁴ www.straitstimes.com/asia/se-asia/a-quick-guide-on-jakartas-governor-election

¹⁵ <https://www.reuters.com/...sri-lanka.../sri-lankas-ex-leader-seeks-fresh-elections-after>

¹⁶ newsinfo.inquirer.net/tag/barangay-elections

opium for Malaysian current scenario and this is not an easy matter to cater by the Malaysian government. Postmodernism implies that current trends makes Malaysia even worse, because each races want to be heard of, to be equally treated and resource fairly distributed. Tracing the history of divide and rule policy contributed by colonialism and it can be seen that Malaysia is still not fully integrated. It can be seen that the British left a big influence through this policy. Malays are still connecting with villages, Indians in the estate and Chinese as entrepreneurs. The matter becomes worse with the ruling government policy that favors certain ethnic and quota system.

So, how can we ensure that Malaysian government and its agency accountable to the public at large? The issues discussed above is not been disregarded by the government. In fact, several control mechanism have been and still on going to ensure accountability of government institutions towards the public such as the set up Malaysia Integrity Institute, Malaysian Public Control Bureau and various audits conducted annually by the Office of Auditor General (Jamaliah et al., 2015). Social capital theory asserted that the influx of social capital depends on the cultures of the society at large. Society with an open culture, willing to accept outsiders or outside influence and easily trusted people.

However, are Malaysian government can easily adapt to outside influence? Are Malaysian people easy to trust government? History proves otherwise. Malaysians political scenario seems more on ethnic based associated. They are associated with their own ethnic ground. In terms of service delivery, it is noticed that Malaysian government tried their best to become an accountable agent and improvement has been made continuously. All the five theories mentioned asserted that value can be the clue to solve accountability problems in public service. Post-modernism implies that people change, country's also change due to several reason of globalisation, economic downturn,

natural disaster and as such. Thus, globalisation open up new challenges and government of Malaysia tries to adapt to these challenges and have done effort to be at par with all the changes happened, but, is it enough? Above all the reasons mentioned, ethics can become a solution to some matters regarding accountability. “Listening bureaucrats” as envisioned by Stivers (1994) can be a good way in inculcating positive value of responsiveness of public servants. In fact, other values as investigated in this study can be a good way to solve matters of accountability and increase public trust. Perhaps, all citizens need is just a sincere, honest, compassionate bureaucrat, after all.

6.3 Empirical Contribution

The present study contributes to the existing knowledge by further explaining the contribution of ethical accountability to public trust. The thesis introduces a new mediator variable of loyalty as an important mediator to public trust. The theoretical contributions of this thesis are as follows:

First, the thesis facilitates further understanding on public trust in relation to accountability and ethical accountability. On this point, it extends the current understanding of accountability and ethical accountability by examining several relevant ethical factors. Furthermore, it identifies the theories that underpin ethical behaviour. The literature on accountability and public trust are used as building blocks for ethical accountability in terms of conceptualizing and identifying important ethical accountability. From the literature review, this study concludes that

- i) accountability is mostly discussed in relation to government sectors;
- ii) public trust towards the government may increase or decrease;
- iii) the fluctuation of public trust depends on the performance of government, especially in service delivery;

- iv) ethical accountability in service delivery is important when the issue of public trust enhancement is a subject for discussion and investigation; and
- v) the degree of public trust is not the same for all countries and can be changed.

Second, the study applied social capital theory (SCT) as an underlying theory to explain the matter of public trust in relation to accountability and ethical accountability of the local government service delivery. From the theoretical analysis, the study concludes that

- i) the stock of social capital needs to be increased in order to increase public trust; thus, social capital theory should be of concern and further utilised by the public sector and academicians in finding ways to increase public trust;
- ii) the enhancement of performance depends on the existence of high level of social capital; and
- iii) relationships in an organisation depend on the existence of the stock of social capital.

Social capital theory stresses the relationship between two or more individuals, and the interconnectedness is further justified through the existence of high stock of social capital. The stock of social capital can be in the form of trust or values, to list a few. Thus, within an organisation, a high level of social capital can contribute to the effectiveness and efficiency of service delivery. In addition, the importance of public trust can be seen as an assessment to check on the degree of accountability and ethical accountability. Furthermore, agency theory suggests that an agent should carry the duty to disseminate the stock of social capital efficiently and ethically. This study suggests

the incorporation of social capital theory and agency theory in the provision of local government services. An agent can become an important medium between the government and the public. In order to gain public trust, an agent should have a high stock of social capital when disseminating services to the public.

Third, the study also contributes to the further development of a robust theory of accountability and public trust, particularly by confirming which dimensions are more important in ethical accountability in order to gain public trust. Further, the study is one of the first to extend the accountability and public trust model by

- i) the use of loyalty as a mediator variable to public trust, as loyalty is proposed to have a significant effect on public trust; and
- ii) the use of six mediator variables to test on public trust, with a conceptualisation made based on social capital theory.

6.4 Practical Contribution

Based on the findings of the study, it can be concluded that ethical accountability plays an important role in enhancing public trust. Several studies support this conclusion. In order to improve the value focus and increase public trust in local government organisations, several recommendations can be made pertaining to these aspects. The findings of this study provide important implications for public sector organisations, especially with respect to local government service delivery. It further justifies the continuous emphasis placed by the government on ethics and accountability in order to enhance service delivery. With this knowledge, the federal, state, and local government can have several understandings on

- i) the importance of the application of ethical accountability within daily working hours;

- ii) which ethical accountability is important for the community; and
- iii) the stress on loyalty in an organisation while disseminating the tasks to be performed.

First, managers should become role models in practicing ethical accountability in daily work activities. The management should make every effort to promote ethical accountability continuously through ethics training, workshops and the development of codes of ethics. Even though most of the government departments have their own codes of ethical conduct, implementing the code must not be only seasonal or during audit sessions.

Second, the management should encourage the sharing of new ideas with local government employees and the public in the enhancement of service delivery. An organisation should be built to encourage communication between employees and the community. Administration should be ready to absorb change in service delivery. Improvement in service delivery is a continuous process, especially to instil the concept of ethical accountability among local government employees. Each factor mentioned in the study should be regarded carefully and felt by the employees. The realisation of religious conduct in the work ethics can become an important avenue to instil the good value. The administration of local government should not engage in one-off problem-solving interactions, because this one-way relationship cannot build trust and may produce negative impressions for the public. Accordingly, the local government needs to engage in long-term commitment and consistency. Honesty, loyalty and responsiveness play significant roles in fostering this kind of relationship. Thus, the local government needs to portray its employees as intrinsically motivated to help the public. Counter service is an important front line service to cater to this matter. Thus, the training of these employees to be emotionally intelligent is needed. The employees

need to display an acceptance of people's problems and explain what they can do in order to address the issue and ease the burden of the public.

Third, loyalty on common interest requires that the management identify public needs and develop tools to meet the needs. Mechanisms such as citizen surveys, focus groups and representation in decision making should be utilised. Among the platforms are the councillors, and they should be fully used to identify public needs. Britain's implementation of the Best Value Policy and Comprehensive Performance Assessment should serve as an exemplary practice for the Malaysian local governments and the idiom of good ethical conduct should not be a disadvantage. The follow-by-example should not be a hindrance for the Malaysian leaders to find the best way to serve the public. Furthermore, continuous monitoring of contractors and private sectors should be the main objective for the local governments in order to enhance service delivery.

6.5 Limitations of the Study

The findings of this study should be interpreted with the following limitations. First, this study is a cross-sectional research design in which the data were taken at one time during the duration of the study. Thus, the study did not consider changes in the country, for example, in political development, globalisation and economic development. The study also did not capture future developments of the country and the connection between the variables of interest.

As this study involved a survey using self-administered questionnaires, the possibility of bias either for or against the organisation tends to exist since the study involves personal experience and views. There is also a possibility that the respondents did not have accurate information, or that the responses were given haphazardly without giving due attention. Another possible circumstance was under or over responses by the

respondents. The check on the validity and reliability of the instruments was carried out extensively, but the possibility of bias may happen because of individual values and experience. Furthermore, the survey instrument, which is based on the perception of the respondents, may differ from time to time and may depend on individual factors.

6.6 Direction for Future Research

This study enhances the knowledge for the management and the public to consider improvement in local government service delivery. Although the study incorporated mediator variables of ethical accountability in the conceptual model as a mechanism to increase public trust, future studies may identify additional measures to increase public trust.

The scope of this research focuses only on local government service delivery. As a service provider to the public, the local government is a well-known field organisation in disseminating such services. In Malaysia, the local governments fall under state jurisdiction and their responsibility is quite massive, especially with limited financial resources. Future studies may investigate possible innovations for the local authorities to generate income and give better service to the public.

Future research should aim to enhance the predictive power of the research model developed in this study. The significant findings of mediator variables as significant contributors to public trust should be further utilised, most probably with the inclusion of a moderator. This aspect requires further research, particularly on the mediator-moderator model.

Because this research focuses on the investigation of accountability, ethical accountability and public trust within the range of Malaysian local authorities, it is recommended that further studies widen the scope of investigation to include more local

authorities. For example, future investigations can move to other states in Malaysia and compare with the present findings. The comparative analysis can be enhanced further by including a cross-country analysis within Asian countries. The research also can be expanded to other public organisations.

6.7 Conclusion

This research presents a detailed investigation on the mediator variables of ethical accountability and the relationship between accountability and public trust in the provision of local government services. Six ethical accountabilities were identified to consist of honesty, loyalty, benevolence, integrity, responsiveness and fairness. Most of the mediator variables have been widely researched (Feldheim & Wang, 2004; Heintzman & Marson, 2005; Kim, 2005; Fard & Rostamy, 2007), and loyalty is the newly introduced mediator in the study of local government services. Little is known about the contribution of loyalty in service delivery because most of the functions performed by the public service have benefitted the public at large. This research has investigated the relationship among accountability, ethical accountability and public trust in the provision of local government services. The findings have met all the objectives set and also confirmed the significance of mediator variables with loyalty, the newly founded mediator, recording a significant impact in the provision of local government services. Benevolence was found to be an insignificant mediator to public trust, and the findings have also paved the way towards the study on the relationship between benevolence and loyalty in local government services. The Smart-PLS technique was used to test the measurement model and investigate the relationship between the variables.

In sum, by testing all the hypothesised relationships in a prominent, specific local government, this research has helped to create a more meaningful picture of the

variables of accountability and mediator variables of ethical accountability that can lead to public trust. This research provides a useful starting point towards the stress on loyalty as an important mediator variable to achieve public trust, especially towards the government and, in particular, the local government.

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