

Citizen Participation and Satisfaction with Municipal Government Services:

The Mediating Roles of Trust and the Economy

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Paper Prepared for Presentation at the Association for Public Policy Analysis and Management
(APPAM) Conference, Washington, DC November 8, 2013

INTRODUCTION

Citizen satisfaction with government became a critical outcome of interest in the early 1990's with the introduction of New Public Management (NPM) reforms (Swindell & Kelly, 2000). An important component of the market-based NPM reforms is to improve administrative practices by placing the needs of the citizen at the center of governmental decision-making (Caiden & Caiden, 2002; Kelly, 2005; Van Ryzin, 2007). To do so, contemporary public agencies create performance indicators of their services (such as surveying citizens' level of satisfaction) and report these in a variety of outlets. In this way, they can demonstrate to their customer citizens that public resources have been used efficiently and effectively, and that local governments are responsive to their citizens (Bouckaert et al., 2002; Osborne & Gaebler, 1992; Kettl, 2000).

The focus of NPM on citizen satisfaction engenders some debate. On the one hand, there is no empirically documented relationship between the performance of public agencies and citizens' satisfaction with agencies. The field of public administration is working under the assumption that there is a positive relationship between these constructs (Kelly, 2005).

On the other hand, citizen satisfaction is an important indicator to study because of a demonstrated link between quality of services (a judgment about the superiority of the service) and satisfaction with services (a judgment about the overall utility of the service) in both the public (Guitierrez Rodriguez et al., 2009) and the private sectors (Oliver, 1980). Additionally, citizen satisfaction is an especially desirable performance measurement because it fundamentally requires that a client/citizen has some sort of experience with that service (Cronin and Taylor, 1994; Oliver, 1980).

Citizen satisfaction is also important because of its correlation with trust in government (Bouckaert, Van de Walle, Maddens, & Kampen, 2002; Van Ryzin, 2004; Vigoda-Gadot & Mizrahi, 2008). Citizens that trust their governments are more likely to view the government as legitimate (Citrin & Muste, 1999; Coulson, 1998) and cooperate with public procedures (Dahl, 1971; Pateman, 1970; Putnam, 1993).

This paper takes as given the importance of the citizen satisfaction performance indicator, and instead seeks to characterize the relationship between satisfaction and a possible determinant that has previously not been studied – citizen participation.

Verba and Nie (1972) define citizen participation as activities that citizens use to influence government personnel decision making. Scholars expanded this classic definition in recent decades and now recognize that there are many methods to involve citizens which vary considerably in terms of their ultimate impact on the administrative process (Ebdon & Franklin, 2004; Robbins, Simonsen, & Feldman, 2008). For example, citizens may attend a public hearing in which they are educated about a particular proposal. Citizens put forth an effort to interact with the agency, but they have no input on the proposal, itself. At the other extreme, citizens may be invited to participate in a panel that has ultimate decision making authority over the implementation of a community program (Church, Saunders, Wanke, Pong, Spooner, & Dorgan, 2002). Government agencies often use strategies that fall in the middle of these two extremes, such as telephone hotlines, citizen surveys, focus groups, forums, advisory boards, and simulations (Neshkova & Guo, 2012). Also, since none of these methods is a perfect method for involving and extracting information from citizens, best practices utilize more than one technique (Ebdon & Franklin, 2004).

Importance of Citizen Participation

Meaningful input to the policy process, where citizens and decision makers share responsibilities for policies, has numerous educational benefits. Citizens learn about the technical complexities of public decision making because they are forced to view public problems and solutions from a broader community perspective (Blackburn & Bruce, 1995; Pateman, 1970; Sabatier, 1988). These “citizen experts” acknowledge the difficult tradeoffs that administrators often make (Irvin & Stansbury, 2004).

Citizen participation also fosters strong democratic ideals. Engaging citizens in the formulation and operation of public agencies provides them with an avenue to self-governance (Barner & Rosenwein, 1985; Vigoda, 2002). Participation reinforces individuals’ sense of ownership, loyalty, and identity with public institutions (King & Stivers, 1998; Osterman, 1999; Rose, 1999), which increase the likelihood of their future participation. Community feedback, in cooperation with receptive bureaucracies and decision makers, create the conditions for a democratic society that citizens view as wholly legitimate (Habermas, 1996; Woller, 1998).

In addition to the normative desirability of public participation, there is some evidence that citizen input may improve governmental outcomes, such as administrative performance and citizen satisfaction. Neshkova and Guo (2012) outline two main mechanisms by which citizen input could result in better-performing agencies. First, public participation may lead to more appropriate solutions to public problems. Bureaucrats are placed in their positions because of their technical, specialized knowledge, which can be narrow in scope. Through no fault of their own, they may be unable to foresee unintended consequences of a particular administrative decision (Beierle & Cayford, 2002; Thomas, 1995). However, they can utilize citizens to provide contextual information that may help prevent costly administrative errors and help decision makers learn about potential policies’ tractability and popularity. In other words, citizens can

paint a more accurate picture of the diverse environment in which they live, which will help the administrator tailor a generic procedure to the specific needs of the community (Fung, 2004; Vroom & Jago, 1988). Second, citizens may provide innovative solutions to problems through the symbiotic teaching and learning processes that occur when citizens and administrators create the conditions to craft policies together (Roberts, 1997).

Empirical findings generally support the theoretical expectation that citizen participation leads to improved public performance. Neshkova and Guo (2012) find that citizen input is associated with improved efficiency *and* improved effectiveness of state transportation agencies. Guo and Neshkova (2012) replicate the overall effectiveness finding in the budgetary processes of transportation agencies, but they further explain that the citizen input is most important in improving organizational effectiveness. However, Vigoda-Gadot and Mizrahi (2008) do not find a statistical relationship between citizen involvement and performance. Importantly, their citizen involvement variable measures the citizens' perception of the agency's interest in involving the public, rather than actual citizen involvement. Finally, Vigoda (2002) differentiate between faith in citizen involvement and active citizen involvement. Their findings indicate that participation is not a uniform influence on performance. Their findings imply that when citizens perceive a well-functioning public agency, they do not feel the need to get actively involved. However, if they see that an agency is struggling and they believe that they will make a difference, they are more likely to become involved.

The previous discussion indicates that citizen involvement improves one important performance indicator valued by NPM reforms – organizational performance. However, there is very little research to support whether citizen input is related to another primary NPM indicator - citizen satisfaction. Most of the existing studies use case study methodology and generally

provide support that participation leads to citizens who are more satisfied (Moynihan, 2003), less cynical about government (Berman, 1997), and believe that agencies are responsive to their concerns (Halvorsen, 2003).

These case studies provide important groundwork to understand this relationship, but it has not yet been thoroughly documented using a quantitative, large sample methodology. There is a notable exception to the previous statement. Vigoda (2002) surveyed 260 Israeli citizens and used structural equation modeling to examine the effect of citizen participation on satisfaction. They find a complex effect of participation on an indexed measure of government performance that includes perceptions of government responsiveness and citizen satisfaction. Specifically, performance (satisfaction) is affected by citizen involvement, but it is positively affected by citizens' belief that their involvement will impact governmental decision-making. It is negatively affected by active citizen involvement. In other words, citizens who are satisfied with government services tend to believe that their government agencies are also stronger believers in the democratic process (Vigoda, 2002). Further, they may not see a need to get involved in the democratic process, if there is no pressing need to do so (Vigoda, 2002).

This study will further characterize the relationship between citizen satisfaction and citizen participation using a large sample dataset with information from 23 Latin American countries. The review of the literature lends itself to the following hypothesis:

H1: Citizens' participation in local government is associated with increased satisfaction with local public services.

The base relationship is expected to have a positive effect, but there is an important joint relationship that should be considered. As outlined above, trust is clearly associated with highly desirable attitudinal and behavioral characteristics (e.g. perceptions of legitimacy and

cooperation with government). Not surprisingly, participatory mechanisms are associated with citizens' levels of trust in their public institutions (Van Ryzin, 2011; Rose, 1999; Yankelovich, 1991). The relationship is stronger when public participation techniques are fully engrained in the institutional processes of public organizations, rather than an activity that occurs on an intermittent basis (Baird, 2000; Tyler, 1990; Rottman, 1998). Vigoda-Gadot and Yuval (2003) indicate the direction of causality in this relationship. Specifically, they show that administrative performance (measured by an index of satisfaction and government responsiveness) leads to trust.

H2: Trust in government will mediate the positive relationship between participation and satisfaction.

In 2008, the global economy experienced a major contraction, ushered in by the U.S. housing market crash and the subsequent bankruptcy announcement by Lehman Brothers (Gore, 2010). The global financial markets responded, with a multitude of bank rescues and a reduction in industrial production (Copestake, 2010). With the exceptions of India and China, developing countries were equally affected. The World Bank estimates that the GDP in developing countries declined by 2.2 percent in 2009 (World Bank, 2010a) and that the Global Recession of 2009 left an additional 60+ million people in extreme poverty (World Bank, 2010b). There is widespread agreement among financial analysts that these effects will have long-term negative effects on these developing countries (Gore, 2010).

These exceptional circumstances in the economy likely mediate the level of citizen satisfaction. Research suggests that the economy is one of several factors affecting citizens' levels of satisfaction with governmental performance (Peters, 1999; Nye, 1997; Lane, 1965). The impact of economic performance and support for government in Latin America is well

documented (See Lewis-Beck and Stegmaier 2009 for one review). Studies from a number of countries across the region have found a link between evaluations of economic performance and government support: Argentina (Echegaray and Elordi 2001; Canton and Jorrat 2002; Remmer and Gelineau 2003; Gelineau and Remmer 2005; Echegaray 2005), Brazil (Meneguello 1996; Spanakos and Renno 2006; Renno and Gramacho 2010), Chile (Panzer and Paredes 1991; Renno and Gramacho 2010), Costa Rica (Seligson and Gomez Barrantes 1989), Mexico (Beltran 2000, 2003; Moreno 2009; Buendia 1996, 2001; Singer 2009; Dominguez and McCann 1995; Davis and Langley 1995), Nicaragua (Anderson et al 2003), Peru (Stokes 1996, Carrion 1999; Weyland 2000; Arce 2003; Arce and Carrion 2010), and Venezuela (Weyland 1998, 2003). A recent study using individual-level data found that voters in Latin America respond to economic performance in similar ways as voters from more advanced democracies (Singer and Carlin 2013).

To understand more clearly whether and how the economy mediates the relationship between citizen satisfaction and participation, we test a series of possible economic pathways. Specifically, we examine if participation/trust affect satisfaction with local government services through the attending change in individuals' perception of decreased household income, negative perception of personal economy, or negative perception of the national economy.

H3: Poor economic conditions will mediate the positive relationship between participation and satisfaction.

PARTICIPATION IN LOCAL GOVERNMENT IN LATIN AMERICA & THE CARIBBEAN

The power of local governments in Latin America varies across countries and works in different ways in different political systems. In some places citizens only have contact with local authorities and do not have access to levels above that. Some local authorities have little administrative and fiscal autonomy, while others have more. Moreover, local governance takes

place in more democratic ways in some places than in others. Thus, the extent to which local government is efficient and democratic may shape citizens' attitudes towards democracy as a whole. Given the often fragile nature of economic development in Latin America, examining the extent to which economic conditions affect popular satisfaction with local government services advances our understanding of the factors that affect democratic governance in the region.

Decentralization has been taking place to varying degrees among developing countries, and is especially pronounced in Latin America and the Caribbean (Rondinelli, Nellis and Cheema 1983). This process happened simultaneously as the "third wave" of democratization took place in the hemisphere (Huntington 1991). Citizens all over Latin America and the Caribbean not only experienced the strengthening of local governments, but also saw the widespread adoption of democratic procedures for representation at the local level.

Research on local politics provides both enthusiastic and skeptical views. Some authors argue that local politics has generally positive outcomes for governance and democracy. Faguet's study on Bolivia's 1994 decentralization process shows that it changed the local and national investment patterns in ways that benefited the municipalities that most needed projects in education, sanitation, and agriculture (Faguet 2004). Akai and Sakata's (2002) findings also show that fiscal decentralization across different states in the United States has a positive impact on economic growth. Moreover, Fisman and Gatti's (2002) cross-country research finds that, contrary to some conclusions of previous studies, fiscal decentralization in government expenditures leads to lower corruption, as measured by different indicators.

However, others argue that local politics does not always produce efficient and democratic results, and can be problematic when local governments and communities are ill-prepared. Bardhan (2002) warns that local governments in developing countries are often

controlled by elites willing to take advantage of institutions and to frustrate service delivery and development more broadly. Willis et al. (1999) show that in Mexico decentralizing administrative power and expanding sub-national taxing capacity led to the deterioration of services and to increasing inequality in poorer states. Galiani et al. (2005) find that while decentralization improved Argentine secondary student performance overall, performance declined in schools from poor areas and in provinces with weak technical capabilities.

How does local government performance affect citizens' attitudes towards the political system more generally? Since some citizens only interact with government at the local level, they can only form impressions about democracy from those experiences. Thus, a significant proportion of citizens may rely on experiences with local government when evaluating democracy and democratic institutions. In a study of Bolivia, Hiskey and Seligson (2003) show that decentralization can improve system support; however, relying on local government performance as a basis of evaluation of the system in general can become a problem when local institutions do not perform well. Weitz-Shapiro (2008) also finds that Argentine citizens rely on evaluations of local government to evaluate democracy as a whole. Citizens distinguish between different dimensions of local government performance; while perception of local corruption affects satisfaction with democracy, perception of bureaucratic efficiency does not. Montalvo (2009a) has shown that the determinants of citizens' demand-making on municipal governments include not only individual level factors such education and age, but also decentralization of public spending. Thus, fiscal decentralization strengthens the connection between governments and citizens' demands. In a different study, Montalvo (2009b) found that crime and corruption victimization are negatively associated with citizens' satisfaction with municipal services, showing that perceptions of poor performance at this level are probably due to such problems.

Finally, Montalvo (2010) also showed that satisfaction with municipal services, participation in community services and interpersonal trust are among the best predictors of trust in municipal governments. Finally, using 2010 *AmericasBarometer* data, West (2011) finds that citizens who have more contact with and who are more satisfied with local government are more likely to hold democratic values. Hence, local politics can be crucial for democratization.

METHODS, DATA, AND VARIABLES

Methods

We estimate the relationship between satisfaction with local government services and participation using a country fixed effects regression model. This strategy identifies the participation-satisfaction association, while controlling for unobserved, time-invariant country factors (e.g. access to authorities or centralization) that may bias the relationship. The basic statistical model is specified as:

$$(1) Y_i = \alpha_i + \gamma_1 P_i + \gamma_2 T_i + \gamma_3 D_i + \gamma_4 S_i + \mu_c$$

Where Y_i is respondent i 's satisfaction level with local government services (please see descriptions of variables in the following section); P is a composite variable measuring respondent i 's participation in government; T represents the respondent's trust of local government; D captures the respondent's demographic characteristics (age and gender); and S captures the respondent's sociodemographic characteristics (wealth, education, urbanicity). Finally, μ_c is a country-specific error term of unspecified form to capture the country fixed effect.

We expand the country fixed effects model to include an interaction between participation and trust:

$$(2) Y_i = \alpha_i + \gamma_1 P_i + \gamma_2 T_i + \gamma_3 P * T_i + \gamma_4 D_i + \gamma_5 S_i + \mu_c$$

Where Y_i , P_i , T_i , D_i , S_i , and μ_c , are defined as above. $P*T_i$ is an interaction term that captures the joint relationship between participation and trust.

To address the possible mediating effect of the economy on the relationship between satisfaction and participation*trust, we use the three-step process outlined by Baron and Kenny (1986). The results from equation (2) provide the data for the first step in the process. The second step estimates a regression model with the relevant mediator. A mediating relationship is present if the mediator is statistically significant and the variable of interest (in this case, participation*trust) is both statistically significant and smaller in magnitude than in the first regression. If both of these conditions are met, then the third step calculates the percentage of the variable of interest that is mediated by the mediating factor (in this case, one of three different variables measuring the respondent's perception of the economy).

Data

The data used in this study come from the *AmericasBarometer* series, involving face-to-face interviews conducted in nations of North, Central and South America and the Caribbean in 2004, 2006, 2008, 2010, and 2012. Analysis in this paper focuses on the 2010 data. In 2010, the *AmericasBarometer* included 26 countries and over 41,000 interviews. The surveys were all carried out with uniform sample and questionnaire designs under the auspices of the Latin American Public Opinion Project (LAPOP) at Vanderbilt University. The samples were all national and stratified by region and sub-stratified by urban/rural. For purposes of our analysis each national sample has been weighted equally to represent an N of 1500.¹ This paper focuses on 23 Latin American and Caribbean countries: Argentina, Bolivia, Brazil, Chile, Colombia,

¹ Data from the 2010 *AmericasBarometer* study, and all other waves, are available at www.lapopsurveys.org. The authors wish to thank LAPOP and its director, Dr. Mitchell A. Seligson, for access to the data. Funding for the *AmericasBarometer* surveys come primarily from the United States Agency for International Development, the United Nations Development Program, the Inter-American Development Bank, the Tinker Foundation, and Vanderbilt University.

Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay, Suriname, Trinidad & Tobago, Guyana, Jamaica, Belize and Venezuela.²

Variables

The 2010 *AmericasBarometer* included a series of questions to measure citizens' engagement with the local political system:

Now let's talk about your local municipality...	
NP1. Have you attended a town meeting, city council meeting or other meeting in the past 12 months? (1) Yes (2) No (88) Doesn't know (98) Doesn't answer	
NP2. Have you sought assistance from or presented a request to any office, official or councilperson of the municipality within the past 12 months? (1) Yes [Continue] (2) No [Go to SGL1] (88) Doesn't know [Go to SGL1] (98) Doesn't answer [Go to SGL1]	

In Figure 1 we examine the percentage of citizens in each country who say they have attended a local meeting in the previous year. Participation levels vary widely among the countries of Latin America and the Caribbean. The Dominican Republic exhibits the highest level of participation with over 27 percent of respondents saying they attended a municipal level meeting in the previous year. As shown by the confidence intervals, the difference between the Dominican Republic and the rest of the countries surveyed is statistically significant.

[Figure 1: Here]

The second question measures the extent to which respondents “sought assistance from or presented a request to” a local office or official. The comparative results are shown in Figure 2. The results indicate that Uruguay, Suriname and Mexico are the three countries with the largest

² Haiti is excluded because certain questions of interest to this study were not asked in the country. Canada and the United States are excluded because our focus is on Latin America and the Caribbean.

percentage of respondents reporting they have sought assistance from local government officials. The pattern of responses differs from those of attending meetings; in that most countries are found within a narrow range of between 19 and 10 percent. Panama is again the country with the lowest level of participation.³

[Figure 2: Here]

Demand-making and attending meetings are complimentary activities. In order to fully measure levels of participation we create a composite index of “local participation.” To create the index we transform the original variables into a 0/100 metric, where 0 is “No” and 100 is “Yes.” The two are then combined to generate a measure where “0” represents those individuals who did not attend meetings or made petitions, “50” for respondents that engaged in one of the two activities, and “100” respondents that attended local meetings as well made petitions. The composite index is an *independent variable* in our study.

As discussed earlier, the extant literature demonstrates the link between trust in institutions and satisfaction with the services provided. The survey asks citizens to respond to the following question using a 7-point scale, where 1 means “not at all” and 7 means “a lot.”⁴

B32. To what extent do you trust the local or municipal government?	
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[Figure 3: Here]

Trust in municipal governments is another *independent variable*. Figure 3 shows the average trust in local governments among the countries in the survey. We find a 20 point

³ Panama’s municipal government structures are among the weakest in the region.

⁴ The variable is recoded into a 0-100 scale.

variation between countries with the highest levels of trust and those with the least, and its mean is roughly the scale midpoint. That is, attitudes in the Americas about trust in municipal government are fairly evenly divided between positive and negative assessments. El Salvador, Chile, Uruguay and Honduras are the top three countries on level of trust in local governments. Results from the *AmericasBarometer* national reports⁵ indicate that trust in municipal governments reflect the overall levels of trust in the political system.

Satisfaction with local government services is our *dependent variable*. The *AmericasBarometer* included a question measuring levels of satisfaction with local services.

SGL1. Would you say that the services the municipality is providing to the people are...? [Read options] (1) Very good (2) Good (3) Neither good nor bad (fair) (4) Bad (5) Very bad (88) Doesn't know (98) Doesn't answer

For purposes of our analysis this variable is transformed into a 0-100 metric.⁶The substantive meaning of the variable reflects an index in which 0 means services are very good and 100 that they are very bad. The results, presented in Figure 4, show a range of satisfaction with local government services that stretches 19 scale points across the middle of the distribution, suggesting middling levels of satisfaction.

[Figure 4: Here]

Figure 5 shows the distribution of the satisfaction index for the pooled sample. The graph shows a normal distribution with a slight negative skew. A majority of respondents express positive or neutral satisfaction with the services provided by their local government.

⁵ See, <http://www.vanderbilt.edu/lapop/country-studies.php>.

⁶ Extensive work with the *AmericasBarometer* data has shown that the recoded variable behaves as if it was continuous.

[Figure 5: Here]

Our study also includes independent variables measuring the classic socio-demographic variables of age, education, gender, urbanicity, and wealth. Gender is recorded by each interviewer: “Q1. [Note down; do not ask] Sex: (1) Male (2) Female.” Age is measured by the following question: “Q2. How old are you?” Education is measured by asking respondents:

ED. How many years of schooling have you completed?						
_____ Year _____ (primary, secondary, university, post-secondary not university) = _____ total number of years [Use the table below for the code]						
	1 ⁰	2 ⁰	3 ⁰	4 ⁰	5 ⁰	6 ⁰
None	0					
Primary	1	2	3	4	5	6
Secondary	7	8	9	10	11	12
University	13	14	15	16	17	18+
Post-secondary, not university	13	14	15			
Doesn't know	88					
Doesn't respond	98					

The classification of urbanicity is a pre-recorded variable defined for each respondent based on the sample design and cluster definitions for each country. Finally, wealth is measured as a scale of possession of capital goods but based on relative wealth.⁷

Our analysis includes three measures of economic distress: 1. Decrease in family incomes during the previous two years; 2. Evaluations of the national economy; and 3. Evaluations of the personal economy. The first variable is measured by the following question:

Q10E. Over the past two years, has the income of your household: [Read options]

- (1) Increased? [Go to Q11]
- (2) Remained the same? [Go to Q11]

⁷ For more information on this indicator, see: Córdova, Abby B. 2009. “Methodological Note: Measuring Relative Wealth using Household Asset Indicators.” In *AmericasBarometer Insights Series*. (<http://www.vanderbilt.edu/lapop/insights.php>).

(3) Decreased? [Go to Q10F]

The results for the region show that about half of the respondents said their incomes remained the same, with nearly 30% saying their incomes declined, and one-fifth saying they increased.

The *AmericasBarometer* traditionally reports on respondents' perceptions of their personal and national economic situation. These questions are then used to measure sociotropic and idiotropic evaluations of government performance. Do citizens evaluate government performance as a function of national economic conditions? Or are they influenced more by personal economic situation. The survey includes the following questions:

SOCT1. How would you describe **the country's** economic situation? Would you say that it is very good, good, neither good nor bad, bad or very bad?

(1) Very good (2) Good (3) Neither good nor bad (fair) (4) Bad (5) Very bad

IDIO1. How would you describe **your** overall economic situation? Would you say that it is very good, good, neither good nor bad, bad or very bad?

(1) Very good (2) Good (3) Neither good nor bad (fair) (4) Bad
(5) Very bad

From the perspective of egotropic evaluations, citizens might attribute improvements in personal finances (Fiorina 1978), loss of employment (or inability to find a job) (Grafstein 2005), or outstanding debt problems to the extant government. At the opposite end of the spectrum, a sociotropic perspective would argue that citizens prefer governments under whose leadership the nation enjoys higher rates of economic growth (Lewis-Beck & Rice 1984, Lewis-Beck & Tien 1996), lower rates of inflation (Norpoth 1996), lower consumer prices (Arcelus & Meltzer 1975, Lepper 1974), or an otherwise stronger economy according to leading economic indicators (Wlezien & Erikson 1996). In this analysis we test the impact of both types of evaluations on levels of satisfaction with local government services.

The following table presents summary statistics for the dependent and independent variables in our analysis.

[Table 1: Here]

RESULTS

Table 2 presents coefficients and standard errors of the prime variables of interest from the country fixed effects models. The interaction term is the only difference in Models 1 and 2. Contrary to expectations, Model 1 indicates that participation (demand making and attendance) is negatively associated with satisfaction with local services. However, this coefficient is not statistically significant. Trust has a positive association with satisfaction and the coefficient is statistically significant, which is consistent with the theoretical expectations of this variable.

The control variables behave largely as expected, with the exception of individuals' education. Age, gender, wealth and urbanicity are all statistically significant. Age has a negative association with satisfaction, while wealth, gender, and urban have positive associations. Education level is positive, but it is not statistically significant.

Model 2 in Table 2 provides evidence for the joint relationship between participation and trust. The table shows that coefficients for participation, trust, and participation*trust are all statistically significant. The participation coefficient is negative and substantively small, while those for trust and participation*trust are positive and slightly larger. The partial effect of the interaction term is 0.122 and is statistically significant. This indicates that those respondents who both trust and participate in local government experience higher satisfaction levels than those respondents who either do not trust or do not participate in local government. In terms of interpreting its effect size, the standard deviation of satisfaction is 23.112. Therefore, 0.122 is substantively quite small. The full effect of the interaction term is 0.345 (calculated as the sum of

the coefficients on the interaction term and the two component coefficients). This suggests that respondents who both trust and participate in local government experience substantially higher satisfaction levels than those respondents who do not trust nor participate in local government. However, the full effect size of the interaction term remains substantively small.

The component variables should not be interpreted individually due to the extrapolation to unlikely scenarios. For example, the coefficient on participation demonstrates the effect of participation when a respondent has a level of trust equal to zero. A more interesting scenario is to evaluate these partial effects according to the average values of these variables. To do this, we insert the average values of participation and trust into the estimated equation. The mean value of participation in the sample is 12.047, so at the mean of participation, the effect of trust on satisfaction is $0.292 + 0.122(12.047) = 1.762$. Similarly, the mean value of trust in the sample is 50.434, so at the mean of trust, the effect of participation on satisfaction is $-0.069 + 0.122(50.434) = 6.222$.

The independent variables behave much the same in Model 2 as in Model 1. Age has a negative association with satisfaction, gender, wealth, and urbanicity all have positive associations with satisfaction with local government services.

Based on these results, we find support for the first two hypotheses. Participation (including attending meetings and demand making) is associated with greater levels of satisfaction with local government services, and trust in government has an important moderating effect on the association between participation and satisfaction. Those that both trust and participate in government have higher levels of satisfaction with government than those that either trust, participate, or do neither.

Table 3 provides results of the mediation analyses. The first column in Table 3 indicates the relationship between satisfaction and participation*trust, without the relevant mediator included in the model. These numbers are simply replicated from Table 2. The second column adds the mediators of interest to the model, separately (e.g. Decrease in Household Income, Negative Perception of Personal Economy, and Negative Perception of National Economy). A mediation is present if in the second column, the coefficient of the mediator statistically significant and the participation*trust coefficient maintains statistical significance, but is smaller in magnitude than in the first column. The third column in the table presents the percentage of the participation*trust effect that is mediated by the corresponding economic factor.

Table 4 provides evidence for the third hypothesis. The results indicate that individuals' perception of the economy mediates the relationship between satisfaction and participation*trust. On average, a decrease in household income will reduce the level of satisfaction with services by 2.5 percent, despite a given level of participation and trust. Perception of personal economy is responsible for about 4 percent of the satisfaction relationship, and perception of the national economy is responsible for about 5 percent of the satisfaction relationship. Sobel z-tests indicate that each of the mediators (indirect paths) is statistically significant. We further evaluate the substantive impact of these mediators through indices of mediation (Preacher and Hayes, 2008). The indices range in size from 0.003 (decrease in household income) to 0.008 (negative perception of personal economy). These indices can be interpreted in the following way: satisfaction with local government services decreases by 0.008 standard deviations for every one standard deviation increase in participation/trust indirectly via the negative perception of personal economy. These effect sizes are substantively quite small.

DISCUSSION

Using the 2010 *AmericasBarometer* surveys in 23 countries of Latin America and the Caribbean this paper examined the mediating effects of trust in local government and economic conditions on the relationship between citizen participation and satisfaction with local government services. Democratization in Latin America has often included efforts to decentralize power. While not always successful, decentralization has increased the importance of municipal governments to the daily life of most citizens in the region. Studies have shown a direct link between evaluations of local services and support for the national political system. Additionally, the literature also posits a relationship between satisfaction with local services and broader democratic values. Thus, identifying the factors that help explain satisfaction with local government performance is crucial to an understanding of the underlying strength or weakness of democratic governance in developing nations.

The extant literature shows that participation is an important factor in explaining satisfaction with local government services. Participation is often linked to higher levels of external and internal political efficacy. That is, citizens who participate regularly will be less cynical about government, and will exhibit attitudes conducive to their ability to impact government positively. Trust in local government is also found to be positively correlated with higher levels of satisfaction. Our analysis finds that participation is positively correlated with satisfaction with local government services. Citizens who both participate locally and exhibit greater trust levels tend to express even higher levels of satisfaction with the services provided by local governments.

The paper tested the proposition that economic conditions, particularly those resulting from the 2008-09 global crisis, have a mediating effect on the impact of participation and trust on satisfaction with local government services. Our analysis indicates that indeed decrease in

household income, as well as negative evaluations of personal and national economic conditions mediate the effects of participation and trust. The results indicate that sociotropic evaluations have a greater impact (5%) than idiosyncratic measures. Interestingly, negative evaluations of the performance of the national economy have greater impact on satisfaction with local services than evaluations of citizens' personal economic situation. These results are in line with the extant literature which shows that general evaluations of the economy are more important to political choices by voters than household or personal economic conditions.

Knowing the mediating impact that national economic conditions have on evaluations of local service delivery has an important effect on the nature of public management. New Public Management reforms of the 1990's led to the broad use of citizen satisfaction with government as a primary performance indicator for government programs (Swindell & Kelly, 2000). However, performance metrics are successful only when they are indicative of actual organizational performance (Heckman, Heinrich, & Smith, 1999). The results of this study suggest that this performance metric may not meet the standard put forth by Heckman and colleagues. A negative perception of the national economy has an indirect effect on a citizen's satisfaction level, thereby reducing satisfaction on the order of five percent. In other words, the citizen satisfaction metric is holding local government public managers partly accountable for conditions far outside their control. However, this challenge can be mitigated if the local government evaluation system uses multiple indicators of performance, beyond citizen satisfaction (Kukla-Acevedo, Streams, & Toma, 2012; Radin, 2000; Moore & Braga, 2003).

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Table 1. Summary Statistics for Variables in the Analysis

Variables	Observations	Mean	Std. Dev.	Max	Min
Satisfaction with local government	36428	50.190	23.112	0	100
Trust in local government	38030	50.434	29.918	0	100
Participation in local government	39175	12.047	26.371	0	100
Age	39057	38.964	15.772	16	96
Gender	39238	0.512	0.500	0	1
Wealth	39152	2.952	1.423	1	5
Education	39081	9.358	4.356	0	18
Urbanicity	39238	0.651	0.477	0	1
Negative perception of personal economy (idiotropic)	38973	48.709	20.540	0	100
Negative perception of national economy (sociotropic)	38895	56.674	23.204	0	100
Decrease in household income (idiotropic)	37907	26.415	44.088	0	100

Table 2. Country fixed effects regression model
 results: Estimates presented for base models.

	Model 1: Base model	Model 2: Base model with interaction
Participation	-0.004 (0.004)	-0.069*** (0.008)
Trust	0.309*** (0.008)	0.292*** (0.004)
Participation*Trust	---	0.122*** (0.013)
Age	-0.070*** (0.008)	-0.070*** (0.008)
Gender	0.811*** (0.222)	0.820*** (0.222)
Wealth	0.547*** (0.087)	0.542*** (0.087)
Education	0.030 (0.032)	0.030 (0.032)
Urban	1.973*** (0.261)	1.952*** (0.260)
Constant	31.656*** (0.764)	32.61*** (0.770)
Number of countries	23	23
Observations	35,271	34,301
R-squared	0.195	0.200

Table 3. Country fixed effects regression model results: Estimates presented for mediator models.

	Model 2: Base model with interaction	Model 3: Decrease in HH Income	Model 4: Neg Perception of Personal Econ	Model 5: Neg Perception of Nat'l Econ
Mediator	---	-0.025*** (0.003)	-0.169*** (0.006)	-0.142*** (0.005)
Participation	-0.069*** (0.008)	-0.067*** (0.008)	-0.065*** (0.008)	-0.065*** (0.008)
Trust	0.292*** (0.004)	0.291*** (0.004)	0.277*** (0.004)	0.277*** (0.004)
Participation*Trust	0.122*** (0.013)	0.119*** (0.013)	0.117*** (0.013)	0.116*** (0.013)
Age	-0.070*** (0.008)	-0.069*** (0.008)	-0.058*** (0.008)	-0.065*** (0.008)
Gender	0.820*** (0.222)	0.885*** (0.225)	0.898*** (0.220)	1.214*** (0.221)
Wealth	0.542*** (0.087)	0.458*** (0.088)	0.179** (0.087)	0.432*** (0.086)
Education	0.0299 (0.032)	0.013 (0.032)	-0.046 (0.032)	0.011 (0.032)
Urban	1.952*** (0.260)	1.868*** (0.264)	1.842*** (0.258)	2.043*** (0.258)
Constant	32.61*** (0.770)	34.03*** (0.789)	43.67*** (0.850)	42.91*** (0.853)
Number of countries	23	23	23	23
Observations	35,271	34,301	35,107	35,040
R-squared	0.197	0.200	0.217	0.214

Table 4. Testing for Mediation of Economic Factors between Satisfaction and Participation*Trust.

	Part*Trust Model ^a	Part*Trust + Mediator Model ^b	% of Satisfaction Effect Mediated
Mechanism: Decrease in Household Income			
Part*Trust	0.122*** (0.013)	0.119*** (0.013)	2.459***
HH Income		-0.025*** (0.003)	
Mechanism: Negative Perception of Personal Economy			
Part*Trust	0.122*** (0.013)	0.117*** (0.013)	4.098***
Personal Econ		-0.169*** (0.006)	
Mechanism: Negative Perception of National Economy			
Part*Trust	0.122*** (0.013)	0.116*** (0.013)	4.918***
National Econ		-0.142*** (0.005)	

^a Indicates the association between Part*Trust and Satisfaction, without any mediator variables included in the model.

^b Indicates the association between the mediator and Satisfaction, with Part*Trust included.

Note: The regressions also contain the control variables included in the base models, as well as country fixed effects.

Significance levels indicated at ***p<0.01; **p<0.05; *p<0.10

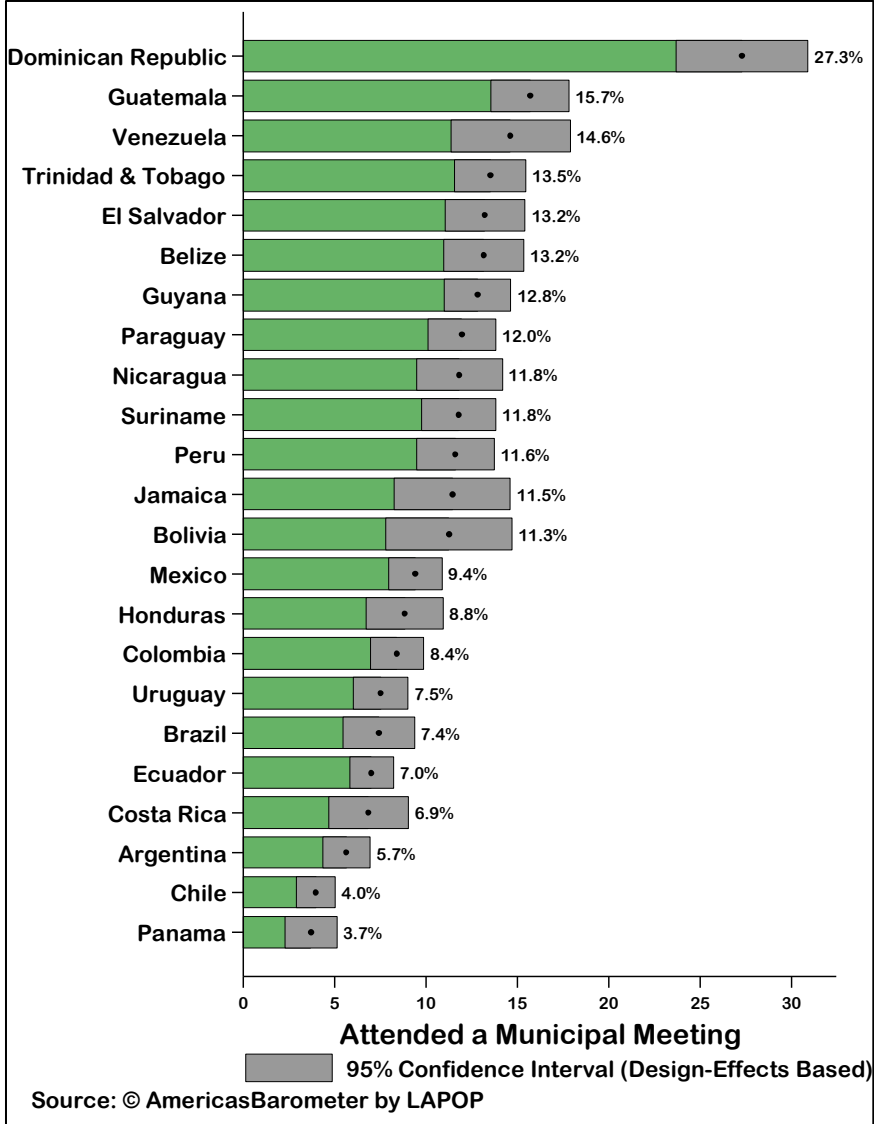


Figure 1: Participation in Municipal Meeting

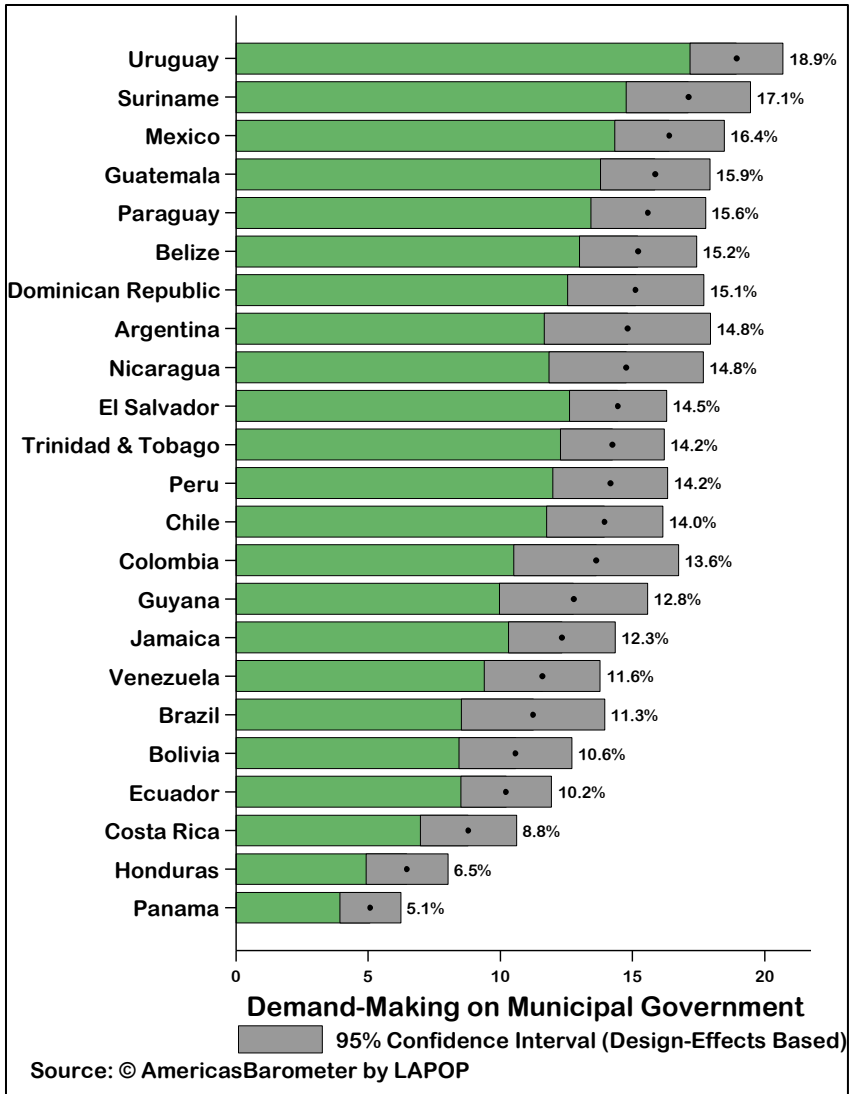


Figure 2: Demand-Making on Local Government

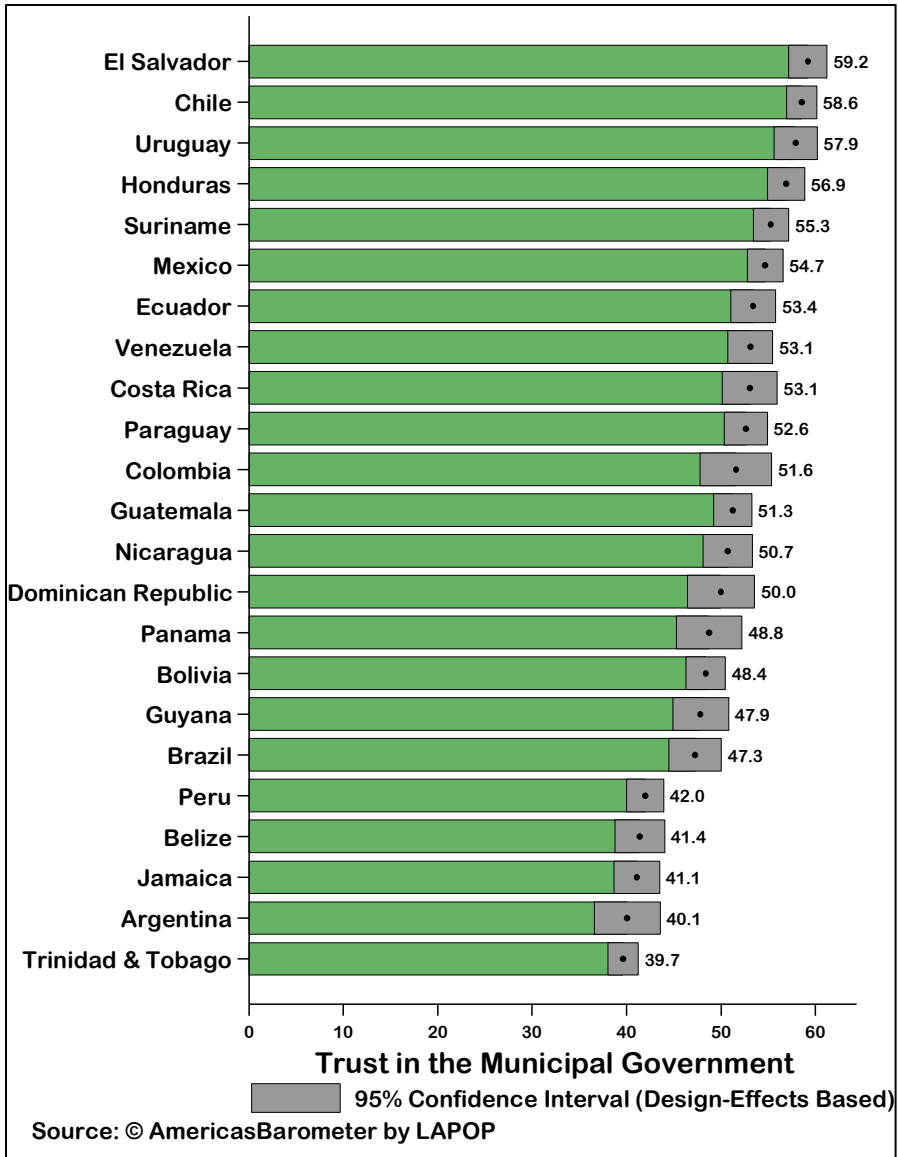


Figure 3: Trust in Municipal Government

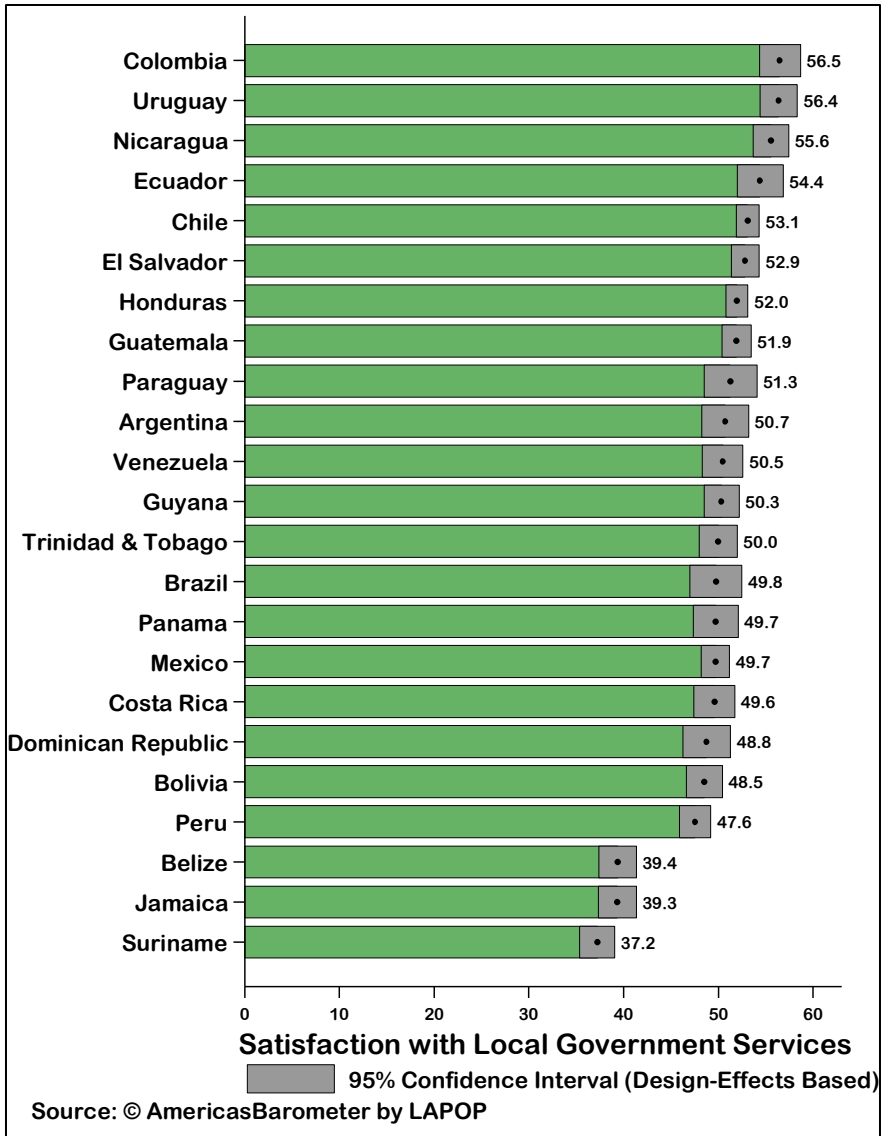


Figure 4: Satisfaction with Local Government Services

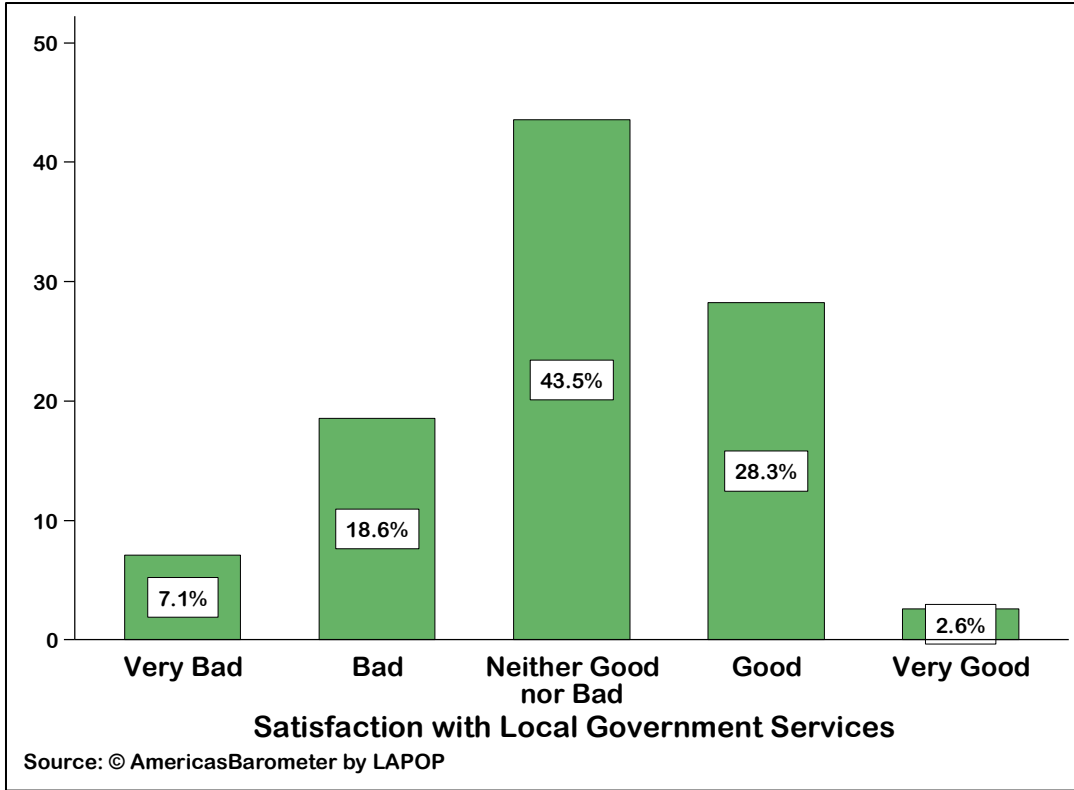


Figure 5: Index of Satisfaction with Local Government Services Pooled Sample