



Kristianstad
University
Sweden

Department of Business
Course FE900A – Master Thesis in Audit and Control

Summer 2020

Kristianstad University
SE-291 88 Kristianstad
Sweden
+46 44 250 30 00
www.hkr.se

Master thesis – 15 hp
Teacher: Elin Smith

Leadership and Responsibility towards the key stakeholders of MOCs:

How organisational ambidexterity mediate the relationship between
performance drivers and MOCs performance in Sweden

Authors: Benjamin Ofei
Mishael Amo-Mensah

Supervisor: Elin Smith

Examiner: Timurs Umans

E-mail: benjamin_ephraim_kwasi.ofei0001@stud.hkr.se
mishael.amo-mensah0003@stud.hke.se

Date of Submission: 02/06/2020

Abstract

Municipally Owned Corporations (MOCs) have several interest groups because they are established to serve the public interest. These stakeholders including citizens expect MOCs to deliver high-quality service. MOCs, on the other hand, need to attract and retain the best talents to pursue their mandate. Based on these, service quality and Human Resource performance were conceptualised as key performance indicators for MOCs. This adds to the various performance measures used by other scholars in measuring performance in public sector organisations. In recent times, organisational ambidexterity has become topical in public sector organisations including MOCs as scholars have found it to have an impact on firm performance. Recognising the role of management in organisational success, this study investigated how two concepts (i.e. Managerial autonomy and Relationship) influence Service Quality and Human Resource Performance and how the relationships are mediated by organisational ambidexterity. A quantitative approach was adopted where 128 CEOs of MOCs in Sweden participated in a survey. The results indicate that managerial relationship and autonomy significantly influences ambidexterity. Ambidexterity was also found to significantly predict service quality and Human Resource performance. While evidence was found for ambidexterity's mediation affection between autonomy/relationship and service quality, no mediation was found for autonomy and Human Resource Performance. The mediation of ambidexterity between the managerial relationship and Human Resource performance was however partial. Aside from testing rarely used performance measures (i.e. service quality and Human Resource performance), the study builds on the Leader-Member Exchange theory by finding support for relationship between managerial relationship and service quality, mediated by ambidexterity. The implication is that leaders of MOCs should prioritize building mutually beneficial relationships with their employees to enhance quality service delivery and Human Resource performance.

Keywords

Public Governance, Managerial Autonomy, Managerial Relationship, Service Quality, Human Resource Performance and Organisational Ambidexterity

Acknowledgement

A VERY BIG THANK YOU

Elin Smith and Timurs Umans

For your guidance, support, and encouragement

I, Mishael Amo-Mensah acknowledges the Swedish Institute for funding this publication during my scholarship period at Kristianstad University

Kristianstad University

Mishael Amo-Mensah

Benjamin Ofei

Table of Contents

1.0 INTRODUCTION.....	1
1.1 Background	1
1.2 Problematisation.....	3
1.3 Purpose	7
1.4 Research question.....	7
1.5 Outline	7
2.0 THEORETICAL FRAMEWORK	9
2.1 Governance.....	9
2.1.1 Governance in Sweden MOCs.....	10
2.2 Organisational Performance in Municipally Owned Corporations	11
2.2.1 Human resource (HR) performance.....	12
2.2.2 Service Quality (SQ).....	13
2.3 Organisational Ambidexterity (OA).....	15
2.4 Drivers of Performance in MOCs.....	17
2.4.1 Managerial Autonomy (MA) in MOCs	17
2.4.2 Managerial Relationship (MR)	21
2.5 Organisational Ambidexterity mediating Managerial Autonomy and Managerial Relationships	23
2.6 Conceptual Model	25
3.0 METHODOLOGY	26
3.1 Research approach	26
3.2 Research method and design	27
3.3 Reliability and Validity	28
3.4 Ethical consideration	29

3.5 Operationalisation	29
3.5.1 Independent Variables	30
3.5.2 Dependent Variables.....	32
3.5.3 Mediating Variable	35
3.6 Control Variables	36
3.7 Data Analysis	38
4.0 EMPIRICAL FINDINGS	39
4.1 Descriptive Statistics	39
4.2 Reliability	42
4.3 Robustness.....	43
4.4 Correlation Matrix	43
4.5 Regression	46
4.5.1 Organisational Ambidexterity and Service Quality/ HR Performance.....	46
4.5.2 Managerial Autonomy/Relationship and Organisational Ambidexterity	47
4.5.3 Mediating Effect of Organisational Ambidexterity	48
5.0 DISCUSSION	54
6.0 CONCLUSION	57
6.1 Concluding Remarks	57
6.2 Implications	58
6.2.1 Theoretical Implications	58
6.2.2 Practical Implications	58
6.3 Limitation	59
6.4 Future Research Agenda.....	60
References	62
Appendix a	72

List of Tables

Table 3. 1 Summary of data gathered	28
Table 3. 2 Response rate	28
Table 3. 3 Independent variable (MA).....	Error! Bookmark not defined.
Table 3. 4 Independent variable (MR).....	Error! Bookmark not defined.
Table 3. 5 Service Quality	Error! Bookmark not defined.
Table 3. 6 Organisational Ambidexterity.....	Error! Bookmark not defined.
Table 3. 7 – size categorisation.....	Error! Bookmark not defined.
Table 4. 1 Gender Distribution	39
Table 4. 2 Age of the Respondents	39
Table 4. 3 Tenure	39
Table 4. 4 Education Background.....	40
Table 4. 5 New Industries	40
Table 4. 6 Ownership Structure	41
Table 4. 7 Size of MOC by number of employees	41
Table 4. 8 Descriptive Statistics for Dependent, Independent, Mediating and Control Variables	42
Table 4. 9a Reliability Statistics	42
Table 4.9b Inter-Item Correlations – Managerial Autonomy	41
Table 4. 10 Eigenvalues	43
Table 4. 11 Correlation Matrix	45
Table 4. 12 Regression: Organisational Ambidexterity and Service Quality/ HR Performance..	47
Table 4. 13 Regression: MR/MA and OA (dependent variable)	48
Table 4. 14 Process Macro Mediation Analysis: MA and SQ, mediated by OA	49
Table 4. 15 Process Macro Mediation Analysis: MA and HR mediated by OA	50
Table 4. 16 Process Macro Mediation Analysis – MR and SQ Mediated by OA	51
Table 4. 17 Process Macro Mediation Analysis – MR and HRP mediated by OA	52
Table 4. 18 Summary of Results.....	53

1.0 INTRODUCTION

The introductory section presents the background of the subject, followed by the problematization. Subsequently the purpose of the thesis is outlined leading to the research question and finally the structure of the study is presented.

1.1 Background

In the past three decades, the public administration practice has been dominated by the New Performance Management (NPM) movement. NPM seeks to make business-like management techniques such as customer satisfaction, competition, and measurement of performance popular among government agencies responsible for providing products and services. This movement strives to make these agencies more responsive and accountable to citizens (Bao, Wang, Larsen, & Morgan, 2012). However, studies such as Wynen, Verhoest, Ongaro, & van Thiel, (2014) argue that though we may be in the post NPM era, its prominence and reforms have shaped the public sector in OECD countries and beyond. Bao et al., (2012) also argue that this movement has several limitations including, the absence of a common denominator such as profit or market share in the public sector or the attempt to use administrative mechanisms in solving issues that are political in nature. These concerns led to the creation of a new movement that places substantive political values at the core of the public governance debate called the New Public Governance (NPG). The NPG seeks to broaden the scope on things that are important for building trust and legitimacy among public agency stakeholders which are otherwise ignored by the NPM (Bao et al., 2012).

Casady, Eriksson, Levitt, and Scott (2020) explain the NPG paradigm as one that covers the fragmented and uncertain nature of 21st-century management in the public sector. It considers the legitimacy and interconnections between the policymaking and the implementation or delivery of service processes (Casady, Eriksson, Levitt, & Scott, 2020). Municipally owned corporations (MOCs) may be recognised as a tool of the NPG as it provides services in a business-like manner with a level of autonomy which reduces legalities involved in making complex contractual negotiations, and to a large extent reducing bureaucracy.

Today, municipal ownership of companies is widespread across many countries, particularly in Europe (Gargani & Villani, 2013). The combination of factors including decreasing public budgets, NPM reforms as well as large scale decentralisation by national governments, local governments globally have seen to it that public services are delivered at an arm's length (Van Genugten, Van Theil, & Voorn, 2020; Argento, Grossi, Tagesson, & Collin, 2010; Gargani & Villani, 2013). These reasons lead local governments to outsource tasks, collaborate with private or societal partners, or assign parts of the organisation owned by the municipality leading to the creation of arm's length bodies (Van Genugten, Van Theil, & Voorn, 2020). Arm's length bodies are of different categories and could range from semi-autonomous institutions to private law-based corporations belonging to local governments. Depending on the country, these bodies may differ accordingly in terms of legality or state traditions and norms. In certain countries, the creation of arm's length bodies goes back decades whereas in other countries it has been brought on by financial crisis that has hit the local governments in recent years forcing these countries to consider externalisation (Van Genugten et al., 2020 Argento, Grossi, Tagesson, & Collin, 2010). Arm's length bodies refer to organisations that are responsible for the spending of public funds and fulfilment of a public need but to some extent work with a degree of independence from politicians. In Sweden, bodies established by or on behalf of the local government based on private law such as corporations, companies, or enterprises account for 93% of the arm's length bodies. The remainder refers to legally independent bodies with managerial autonomy but is based or founded on public law (examples are inter-municipal companies, public bodies, or statutory bodies). The final group of these bodies are the semi-autonomous units that lack legal independence although they have a significant managerial autonomy (Van Genugten et al., 2020; Gargani & Villani, 2013).

The most popular form of arm's length body in Sweden are the MOCs. According to Voorn, Van Genugten, and Van Theil (2017), MOCs refer to autonomous organisations that are owned by municipalities and usually produce local public services. MOCs allow shared ownership in some instances ensuring extensive cooperation between a couple of other municipalities as well as between public and private sectors. Leading to diverse alliances such as inter-municipal enterprises or public-private partnerships (Voorn, van Genugten, & van Theil, 2017; Van Genugten et al., 2020). The formation of MOCs is a type of quasi privatisation that is a part of the public sector reform in OECD countries. It motivates local governments to create, own and run corporations to increase productivity and lower costs of delivering public goods and services (Bergh, Erlingsson,

Gustafsson, & Wittberg, 2019). According to Nelson and Nikolakis (2012), the adaptation of more business-like forms of organizations and practices tend to yield improved performance in government agencies. The supposed improved performance may be driven by leaders of the MOC. Smith and Umans, (2015) mention that to improve performance, leaders of organisations play an important role. In this study in looking at what influences the performance of MOCs, managers or CEOs will be focused on to identify how the autonomy they have and their relationship with the top management team, employees, among other groups tend to drive performance and whether that relationship is mediated by organisational ambidexterity. The concept, organisational ambidexterity refers to an organisation's capability to attain two contradictory goals simultaneously (Alpkan, Şanal, & Ayden, 2012). This study looks at organisational ambidexterity as mediator between the drivers of performance and the performance itself because studies like O'Reilly III and Tushman (2013) identify a link between organisational performance and ambidexterity. Organisational ambidexterity tends to offer better solutions for resolving problems of low productivity, among others in an organisation (Wirtzl and Zeithmal, 2017).

For MOCs to function at the top levels, consistent performance measures to help municipalities to improve systems and service delivery to the public effectively and efficiently is of primary concern (Government Finance Officers Association, 2007). However, studies show that there is difficulty in measuring the performance of MOCs (Bao et al., 2012; Van Genugten et al., 2020; Voorn et al., 2017; Mihaiu, 2014). Unlike in the private sector, public goals are harder to quantify. Also, they operate in a less competitive environment making it hard to compare across public programs (Bao et al., 2012; Voorn et al., 2020). Performance in MOCs may be difficult to measure but at the same time, they are very necessary (Mihau, 2014) hence there is the need to study further.

1.2 Problematisation

From the mid-1980s, reforms in the public sector in the OECD countries have been dominated by the NPM. In comparison to other OECD countries, Sweden Local governments are seen to be a step ahead in implementing market-inspired reforms. For instance, decentralising, contracting out and the use of private sector-based types of management also known as corporatisation (Bergh, et al., 2019). The number of MOCs in Sweden has increased exponentially over time. This could be attributed to the unitary but decentralised governance in municipalities that work to fulfil a broad

scope of responsibilities, including education, social services, and public utilities (Wollmann, 2004). Enshrined by law (The Swedish Local Government Act, section 7), municipalities are encouraged to set up non-profit businesses that are essentially concerned with providing communal amenities or services for the members of the municipality. These businesses typically have independent corporate status allowing the municipality to appoint executive boards to manage the corporations (Voorn et al., 2017). The organisational form of corporatisation dominating Sweden's public service providers is the municipally owned joint-stock corporations. (Argento et., al., 2010). Presently, joint-stock corporations that are wholly or partly owned by one or more municipalities are estimated to be nearly 1600 (Axén, Tagesson, Shcherbinin, Custovic & Ojdanic, 2018). MOCs are usually single-purpose organisations that have independent corporate status, reliant on user fees and governed by an executive board put in place by officials of local governments. A third of Sweden's salary is paid as local and regional income tax (Karlsson & Montin, 2013, p. 125).

As the number of MOCs increase, their level of importance increases as different players get involved in the respective local economies (Bergh et al., 2019). Aside from the welfare role MOCs play, their importance also emerges from the jobs they create and the consumption of Gross National Product (GNP). For instance, out of the about 880,000 employees in municipalities, about 75,000 work in municipally owned corporations and consume 13% of GNP (Argento, Grossi, Tagesson and Collin, 2010). Certainly, municipal citizens are the principal shareholders of MOCs (Bergh et al., 2019), hence it is essential to understand their governance and performance.

Regardless of its growing importance, most of the studies on local governance have been based on the investigation of the comparative efficiency of different local service delivery forms (Voorn et al., 2017). In terms of performance, prior studies on public service delivery bodies have been focused on outsourcing and privatisation than on arm's length bodies themselves (Van Genugten et al., 2020). According to Voorn et al., (2020) studies into the performance of MOCs and its drivers have been almost non-existent and argue that it could be due to absence of clear governance practices developed and available to MOCs. Other studies such as Bergh et al., (2019) suggest that current governance practices for MOCs may be below optimal as it gives room for corruption considering the fact that politicians seem to have a foot in two camps undermining conditions for accountability. Also, bureaucrats are likely to have the incentive to waste resources and not put inputs to optimal use, therefore the study of public sector efficiency is very important (Niskanen

1975 in (Pérez-López, Prior, Zafra-Gómez, 2015). Difficulty in measuring performance leads to insufficient checks on management and misunderstanding between the multiple principals of MOCs (Voorn et al., 2020; Bergh et al., 2019). Although extensive studies have been conducted in this field spanning performance management, accountability, public-private partnership, among others, only a limited study exists on performance measures in MOCs (Pérez-López, et. al., 2015). Additionally, prior literature on the efficiency and productivity of MOCs vary significantly (Balaguer-Colla, Prior, & Tortosa-Ausina, 2007).

Measuring performance in the public sector, though challenging is also necessary (Mihaiu, 2014). Mihaiu explained measuring performance in the public sector as activity by an organisation in a particular area or a sum of results from several or all activity fields of a public institution that can be measured in absolute terms or comparison to previous year results attained (Mihaiu, 2014). Voorn et al., (2020) struggled with the measurement of performance in their study on determinants and mechanisms of performance in MOCs. They argued that their reason for measuring the output of MOCs in terms of efficiency, effectiveness and quality was that MOCs are frequently measured in terms of their output. The whole MOC concept has been based on the belief that output should be increased. And when it increases, the municipal corporation is said to be functioning properly and vice versa. They explained that in MOCs the usual performance metrics such as profitability measures are not reliable like in private sectors where one may derive such data from financial reports. In MOCs, in good or profitable years for the municipal company, the municipality may decide to lower tariffs limiting profitability in their financial reports (Voorn et al., 2020). These reasons show how difficult measuring performance in MOCs is. As a result, this study will measure performance based on a MOCs ability to retain talented employees as well as the quality of the services provided.

Maurya and Agarwal (2017) explain how having talented employees contribute to the success of an organisation. This goes to show that low employee turnover is a plus as employees usually switch jobs when they are not satisfied with their current job conditions thus there is an increasing rate of job mobility (Hiltrop, 1999; Stariņeca, 2015). MOCs ability to retain their talented employees signifies a good human resource performance. Ratings of companies on the treatment of their employees by leading magazines (e.g. fortune magazine) determines the attractiveness of firms (Waddock, 2000) mean that HR performance should be of interest to MOCs. Similarly, customer satisfaction is crucial to the success of an organisation. It is dependent on the provision

of quality services (Kant & Jaiswal, 2017). High quality of service will mean the MOC performed well. These two concepts of performance cannot be underestimated because customers and employees are deemed key stakeholders of any organisation (Waddock, 2000).

In terms of predictors of performance in MOCs, most studies on performance predictors in the public sector have been on state-owned enterprises (SOEs) (Verhoest & Wynen, 2018; Nelson & Nikolakis, 2012). Nelson and Nikolakis (2018) defined corporatisation as “a process that leads to different institutional outcomes, but where the common element is the desire to improve performance with either an explicit or implicit focus on social efficiency, which in its simplest form involves reducing the cost of supplying the public good or service or providing more value given the resources employed in providing them.” (Nelson & Nikolakis, 2012, pp. 4). But Voorn et al. (2020) argue that how these performance measures are accounted for are mostly and vastly studied in SOEs. They further argue that SOEs and other public agency performances and government practices have been improved based on the countless studies done on the topic. On the municipal or local level however, research into corporatisation and factors affecting performance are still insufficient (Voorn et al., 2020). In this study, drivers with a managerial focus such as managerial autonomy, managerial relationship will be measured against performance to identify how these factors affect the performance of MOCs. Voorn et al., (2020) identified that multiple principals tend to affect the performance of MOCs due to goal incongruencies. Moreover, in the Dutch government, the MOCs are based mostly on public law meaning, less legal and managerial autonomy (Voorn et al., 2020). On the contrary, Sweden gives room for more autonomy and a higher managerial discretion since most of the MOCs operate under the private law (Van Genugten et al., 2020). Smith & Umans (2015) noted that leaders of organisations have an important role to play in enhancing performance in organisations. These reasons motivate the study’s decision to look at drivers with a managerial focus considering the independence these managers may have.

In Sweden, local governments offer transparency and accountability through its local self-government which is backed by the Swedish constitution giving municipalities a high level of policy-making powers and financial independence (Bergh, et al., 2019). This makes studies on predictors of performance with a managerial focus in Sweden relevant. However, Smith and

Umans (2015) whose study also focused on three managerial perspectives in relation to organisational ambidexterity in local governments showed inconclusive results.

This study considers the concept organisational ambidexterity to be led by drivers of performance with a managerial focus. At the same time, ambidexterity tends to lead to better performance levels by an organisation (O'Reilly III & Tushman, 2013; Wynen, Verhoest, Ongaro, & van Thiel, 2014). That is, performance in terms of service quality or human resource performance is a by product of an ambidextrous organisation. An organisation is seen to be ambidextrous when it can make use of existing competencies and can explore new opportunities at the same time (Lubatkin, Simsek, Ling & Veiga 2006). This concept is popular in the public sector as it seeks to use scarce resources in efficient ways (Smith and Umans, 2015). In this study, Organisational ambidexterity is considered a mediator between the managerial autonomy, managerial relationship (predictors of performance with a managerial focus) and human resource performance as well as service quality (performance measures). The reason behind this logic is that O'Reilly III and Tushman (2013) propose there is a link between organisational performance and ambidexterity. That is ambidextrous organisations tend to perform better.

1.3 Purpose

The purpose of this study is to investigate how organisational ambidexterity mediates managerial autonomy as well as managerial relationship (predictors) and performance of MOCs in Sweden.

1.4 Research question

How does organisational ambidexterity mediate the relationship between drivers of performance (managerial autonomy, managerial relationship) and MOC performance in Sweden?

1.5 Outline

The remainder of this paper is structured as follows; the next section, chapter 2 presents the theoretical framework and key concepts of the study. The subsequent section, chapter 3 outlines the methodology where the research philosophy together with the sampling method is discussed. This chapter also describes the operationalisation. In chapter 4, the empirical findings are presented after various analysis including the regression, and correlations. Discussion depending on the

findings is outlined in chapter 5. Finally, in chapter 6 conclusions are drawn and the research question is answered while presenting the theoretical and practical implications as well as the limitations and future research suggestions.

2.0 THEORETICAL FRAMEWORK

2.1 Governance

For decades now, the concept of governance has evolved and received more attention from researchers and practitioners rendering it a topical research domain in several fields including political science, public administration, policy studies as well as management (Bergh et al., 2019; Lippi, Gianelli, Profeti, & Citroni, 2008; Asaduzzaman & Virtanen, 2016). The growth can be attributed to reasons which are empirical, theoretical, and of a normative nature (Lippi et al., 2008). Increased interdependencies resulting from transnational processes such as globalisation and European integration stresses and questions the essence of State in the West European tradition (Lippi et al., 2008). Rhodes' (1994) study termed this side-lining of the state as “the hollowing out of the state” in a paper on the changing nature of the public service in Britain. Today, powers and abilities are being dispersed to localities (municipalities) (Laegreid & Verhoest, 2010), independent organisations and supra-national bodies. Another reason for the prominence of governance is that neither the state nor the market seems to be capable of understanding and explaining fully the way modern society works and are regulated. Also, the decreasing capacity of governmental agencies to provide effective responses to the demands of citizens threatens the legitimacy of State (Lippi et al., 2008). Hence, “governance is often presented as a way of modernizing state and as a sort of remedy for democratic failures; the participatory model of decision making intrinsic to the governance approach is supposed to reduce potential conflicts, increase democratic accountability, and improve the quality of public policies” (Lippi et al., pp. 4).

Asaduzzaman and Virtanen (2016) explain the governance concept as constituting multiple forms of collective action but most importantly, it is about the strategic aspects of steering a society that is the larger decisions about direction and roles. Meaning governance transcends beyond “where to go” but “who should do be involved in decision-making and in what capacity” as well. They went on to describe public governance today as a two-faced coin with one side being a promise to bring public administration and public services as well as politics closer to the citizens. The other referring to accountability. The idea is that governance put together with decentralised political authority make politicians and top management in public administration more seen and hence more accountable (Asaduzzaman & Virtanen, 2016). Being able to hold politicians and top management

in public administrations such as MOCs accountable is the goal principal stakeholders (citizens) strive for. Considering the high societal and economic values that are usually at stake in publicly owned and managed corporations, asking critical questions and holding politicians and civil servants in charge accountable is crucial (Bergh et al., 2019).

According to Asaduzzaman and Virtaned (2016), the concept of governance is seen to be rhetorical rather than substantive. In a privatised, market-oriented society, governance is about a reinvented form of government that is better managed. It gives room for potential contracting, franchising, and new forms of regulation. This definition of governance is what is popularly known as the NPM.

2.1.1 Governance in Sweden MOCs

The NPM is a motivating factor in government agencies turning to corporatisation (Nelson & Nikolakis, 2012). MOC is an example of the public sector adopting more business-like practices to improve efficiency. MOCs have grown to be very popular organisational form in recent years and not only in Sweden but in other countries as well. Though the country is a unitary state, Sweden encourages local self-government and hence municipalities benefit from a high degree of policy-making autonomy (Bergh et al., 2019). Sweden is split into 290 municipalities and 21 regions. This was drawn from 1952 when a large-scale municipal amalgamation was completed in 1974. The process saw the number of municipalities drop from 2,498 to 277 and through further successions increased to today's 290. This led to a drop in the number of elected representatives as well from 200,000 local politicians to 50,000 in recent years. The purpose of these changes was to increase the efficiency of service provision at the local level (Bergh et al., 2019).

Lippi et al., (2008) described public governance to have a plethora of definitions ranging from macro to micro levels. For this study, the micro-level is seen as relevant as it describes governance at the local level (e.g. MOC). At this level, governance outlines a set of specific policy instruments including delegation, contracts, decentralisation, performance-based sanctions, incentives, as well as substantive controls to introduce the private-sector way of operation into the public administration, to enhance its performance and improve its level of transparency towards citizens. This definition was drawn from the NPM paradigm of administrative reforms that is now common among European states (Lippi et al., 2008).

2.2 Organisational Performance in Municipally Owned Corporations

Many municipalities in Europe depend on MOCs to serve the public interest while some of them are aimed at generating financial revenue or providing funded services like public transport (Krausea & Thiel, 2019). Accordingly, the various stakeholders of MOCs have divergent interests in improving the performance in public service delivery firms (Balaguer-Colla, et al., 2007). However, it is often difficult to evaluate performance in MOCs compared with the private sector since it is an arduous task to measure public goals (Voorn et al., 2020). Besides public sector organisations are less competitive making benchmarking even more challenging (ibid). Parikh and Bhatnagar, (2018) assert that the pursuit of contradictory goals is inherent in the activities of any typical public-sector organisation.

Performance in public sectors embodies the results from activity in an area and it is measured in either absolute terms or in relations to outcomes achieved in the past (Handler, Koebel, Reiss, & Schratzenstaller, 2004). It considers efficiency, effectiveness, economy, output, financial performance, quality of service, the achievement of social and environmental requirements (Mihaiu, 2014). This means that performance in public service delivery firms varies. The NPM, for instance, focuses on the efficiency and effectiveness in determining MOC performance where managers are directly responsible for the achievement of predetermined objectives (Krausea & Thielb, 2019). Voorn, Genugten & Thiel's (2020) study, for instance, assessed MOC's performance in terms of output. The study analysed how effective, efficient, and productive MOCs are in achieving their goals. This calls for output control mechanisms to ensure that MOCs are directly responsible for their results with evaluations following measurable performance indicators (Pollitt & Bouckaert 2011). Nevertheless, Benito, Bastida and García, (2010) argue that unlike the private sector, using inputs/outputs in the public sector organisations get complicated because of the difficulty in establishing these parameters. Therefore, several studies have been devoted to establishing and validating efficiency indicators in the public sector in general (ibid). Mihaiu's (2014) perspectives on performance categorised public organisations' performance into two performance measurement models: one dimensional and multidimensional. While the one-dimensional models measure performance from a financial perspective, the multidimensional models incorporate nonfinancial indicators (Mihaiu 2014). A few scholars (e.g. Voorn et al., 2020,

Smith & Umans, 2015; Mihaiu, 2014; Umans, 2012) have come up with a different nonfinancial performance to highlight the multidimensional perspectives. Mihaiu (2014) directed the study on public organisation performance to outcomes. According to the study, to have a close dimension to public organisation performance, there would be a need to analyse what the organisation produces for society in terms of outcomes as enshrined in its mission statements. In studying public organisational outcomes, Smith & Umans, (2015) considered organisational outcomes in terms of organisational ambidexterity, thus how an organisation explores and exploits resources. The term is rooted in management literature and explores how organisations simultaneously pursue and integrate different, often conflicting objectives (Wirtz1 & Zeithaml, 2017).

It is evident across the different researchers that the determination of performance in a public organisation can take different forms, but their knowledge is useful in building an optimal system for managing and measuring the performance (Mihaiu, 2014). Guided by the thoughts of different researchers, this present study uses a combination of approaches to establish the performance of MOC. Specifically, the performance of MOCs is conceptualised using Human Resource Performance and Service Quality perspectives.

2.2.1 Human resource (HR) performance

Talented employees provide an invaluable contribution to the success of every organisation (Maurya & Agarwal, 2017). Public sector organisations require experienced talents to achieve their mission (Starineca & Voronchuk 2014). Therefore the ability to attract and retain them has rapidly become one of the key issues for organisations (Hiltrop, 1999). However, it has become dicier because of the increasing rate of job mobility (Starineca, 2015). Unfortunately, it appears organisations have not helped much to solve the problem of job mobility.

In a paper on ‘the war of talent’, Chambers, Foulon, Handfield-Jones, Hankin, and Michaels III, (1998) contend that organisations do not make their talents a priority as they do in respect to physical and financial assets; rendering talents the most under-managed assets in recent years. The case is no different in MOCs as they are less concerned about professional development leading to more problems with competitive staff (Kalinina & Valebnikova, 2017). Consequently, young

professionals who could work for the municipal enterprises are attracted by private sector organisations (Stariņeca, 2015).

Employing HR Performance, it is considered the extent to which MOCs can recruit and retain talents. It is acknowledged that leaders, particularly CEOs of MOCs should put in place a standard for talent and be directly responsible for it (Chamber, et al, 1998). Stariņeca, (2015) suggest that a talented workforce and a firm's ability to attract them is an enabler of organisational performance. However, this present paper sees MOCs' ability to attract and retain talents as a measure of their performance, hence the term HR Performance. This is by the assumption that it requires lots of intentional effort for MOCs to remain attractive since employers are generally experiencing challenges in attracting and retaining talents (Stariņeca, 2015). This effort is termed Employer Branding which leads to differentiating a brand (i.e. an organisation) in the minds of prospective talents and making those prospects see the organisation as a place of choice (Saleem & Iglesias, 2016; Davies, 2008). Identifying with a brand promotes employees' psychological membership with the brand (Bhattacharya, Rao, & Glynn, 1995) and higher job commitment and satisfaction culminating in talent retention (Saleem, & Iglesias 2016). In this regard, a higher HR performance will mean that the MOC can attract and recruit suitably qualified talents and have employees show a strong commitment to the MOC.

2.2.2 Service Quality (SQ)

Since the 1990s, SQ and customer satisfaction have been identified as crucial part of the reinvention of the public sector (Seung-Kyu & June-Young, 2009). Customer satisfaction is important for every organisation. It is a trend that focuses on delivering quality products or services based on an organisation's apt for fulfilling the needs and wants of their customers (Kant & Jaiswal, 2017). SQ commonly refers to "the degree of excellence of service performance" (Zeithaml, Britner, & Gremler, 2011).

Poor SQ affects a company negatively and thus the reputation of the company. For this reason, SQ is widely applied and used in the private sector. Citizens, unlike customers in the private sectors, may not have the same benefits private organisations offer (Kakouris & Meliou, 2011). The NPM reforms require the same level of responsiveness to recipients (citizens) as valued customers in the same way the private sector does (Kakouris & Meliou, 2011; Bao et al., 2012). According to

Seung-Kyu and June-Young (2009) local governments provide three forms of services; social welfare services, social utilities services, and industrial and economic services. They went on to explain that today, the popular forms are the social welfare services (e.g. childcare, healthcare, etc.), and the social utilities services (e.g. transportation, housing, education, etc.).

The local public sector organisation faces constant pressure to enhance SQ, while, on the other hand, reduce cost. Measurement of performance is an essential element of local government modernisation (Mihau, 2014; Voorn et al., 2020; Storto, 2016). Benchmarking practices have become a crucial measurement method providing avenues to measure and compare local municipalities' performance to acquire useful information for decision making to learn from the better performers (Hatry, 1999). To an extent benchmarking has supported the public sector organisations in their attempt to improve the value for money delivered to citizens, pointing out performance gaps as well as developing plans to perform better and improve in terms of cost efficiency and customer satisfaction (Storto, 2016). However, Voorn et al., (2020) establishes that since public goals and objectives operate in a not so competitive circle, quantifying goals and benchmarking is difficult. Also, Storto (2016) argue that, though benchmarking assists public sector organisations in strategic goal setting that are realistic, attainable leading to enhanced efficiency and accountability as well as better understanding and meeting of citizen needs in service provision, no empirical evidence shows that the search for greater cost efficiency or benchmarking is associated to the quality of services provided by local organisations (e.g. MOCs) (Storto, 2016).

Despite the research on how to assess SQ and what to measure to determine the quality of service, there are still disagreements on the "how" (Kakouris & Meliou, 2011). Several SQ models have sought to answer how to measure SQ, popular among them is the perceived quality model by Grönroos (Nordic approach) (Gronroos, 1982). This approach is what this study borrows. Service, as perceived by customers, has two perspectives namely the technical, which looks at the what is received by the customer and then the functional which focusses on the how the service is provided (Kakouris & Meliou, 2011). Similarly, Kant and Jaiswal (2017) argue that SQ is subjective.

Since this study is geared towards just managers and the MOCs they steer, the views of users of end products or services will not be factored and the quality of service provided will only be

measured based on the perception of the managers. An approach that may present a few biases in favour of the managers and the MOC. Considering the anonymous nature of the study, perceived SQ measure was adopted despite the disadvantages. Umans (2012), a study that conceptualised service development and quality as part of a measure for organisational performance relied on the perception of managers and argued that CEOs are knowledgeable informants when it comes to a firm's performance. SQ in this study is captured as a performance measure as a high SQ measure will signify a high performance by the MOC and the manager.

2.3 Organisational Ambidexterity (OA)

The concept of ambidexterity in organisational literature describes ambidexterity as an organisation's ability to pursue two contradictory objectives at the same time (Alpkan et al., 2012). It also refers to the "ability of an organisation to both explore and exploit" (O'Reilly III & Tushman 2013, pg. 324). Prior study of O'Reilly III and Tushman defined an ambidextrous organisation as the one that can implement both incremental and revolutionary changes (1996, pp.8). Lubatkin et al., (2006) also explains an ambidextrous organisation as a firm that can exploit existing competencies as well as explore new opportunities with equal dexterity. While exploitation deals with efficiency, control, certainty, disciplined problem solving and variance reduction, exploration, on the other hand, is characterised by discovery, experimentation, autonomy, and innovation (March 1991).

Despite the many definitions, Smith and Umans (2015) conclude that ambidexterity is all about the allocation and use of resources. Additionally, He and Wong (2004) imply that regardless of the key differences between exploration and exploitation, scholars have urged organisations to have a balance between the two. The reason is that from an organisational science perspective, an organisation's long-term success hinges on its aptitude for exploiting its current competencies whilst concurrently exploring new capabilities (Levinthal & March 1993; March 1991). The absence of one is likely to lead to organisational failure (O'Reilly III & Tushman 2013) though; it is difficult for firms to merge exploration and exploitation (March,1991). Consequently, several organisations have become biased towards exploitation because of its greater certainty of short-term success (O'Reilly III & Tushman, 2013).

In recent years, academics have given attention to the significance of OA in different management fields (Peng, Lin, Peng, & Chen, 2019). Initially, public sector organisations did not feature in conventional organisational theory (Kelman, 2005) because they vary completely from the private sector in terms of ownership, control, and objectives (Perry & Rainey, 1988). Irrespective of the differences, Parikh & Bhatnagar, (2018) claim that public sector organisations are not immune to the forces that bring private-sector organisations to adapt and align to improve quality and technology. Therefore, managers in public sector organisations have been linked to championing exploration and exploitation through their decisions and actions (Smith & Tushman 2005). According to Peng, et al., (2019), the influence of exploration and exploitation by use of existing resources, leaders can identify and utilise available resources within an organisation to promote the capacity to explore new product or service.

O'Reilly III and Tushman (2013) emphasize that organisational performance is linked to ambidexterity. The latter has the possibility of resolving the root causes of low productivity in service operations by offering opportunities for better solutions (Wirtzl & Zeithmal, 2017). It is on this basis that this present study considers ambidexterity as an important facilitator of MOC performance. "Organizational ambidexterity may serve as a new and relevant output indicator, especially in the public sector, which strives to use resources in efficient ways" (Smith and Umans, 2015, p. 813). Nevertheless, our study intends to use OA as a performance facilitator because achieving ambidexterity is known to enhance organisational performance and competitiveness (Cao, Gedajlovic & Zhang, 2009; He & Wong, 2004). Mickers (2011) posits that successful organisations in changing environments are ambidextrous. It could then be implied that ambidexterity may not be an output but a means to enhance output.

On the face of multiple stakeholders and contradictory goals, OA can only be realised when firms effectively match the right responses for them (Wirtzl & Zeithmal, 2017). Smith and Umans (2012) maintain that a public organisation is said to achieve ambidexterity when it can satisfy the diverse interest of stakeholders by balancing explorative and exploitative activities. Gyrd-Jones and Niels Kornum, (2013) recognise employees as internal stakeholders who can influence service delivery. Employees contribute their best and show commitment to organisational change when they are stirred with exploration-based activities (Mickers, 2011). Hence, ambidexterity is expected to positively influence organisation outcomes including employee satisfaction, motivation, and

corporate reputation (Raisch, Birkinshaw, Probst, & Tushman, 2009). Consequently, the organisation would achieve a higher HR Performance.

Like private sector organisations, MOCs are also confronted with the pressure to improve the quality of output, improve technology while striving to reduce cost (Parikh & Bhatnagar, 2018). As stated by Wirtz and Zeithaml, (2017), developing a strategy for a high-quality service at a low cost is driven by ambidexterity. Alpkam et al., (2012) argue that explorative innovations strategies propel the utilisation of new technologies and adoption of radical change to result in the discovery of customer needs and satisfaction leading to a customer-led culture.

Thus, the following hypotheses are made:

H1a Organisational ambidexterity positively influences Human Resource Performance

H1b Organisational ambidexterity positively influences Service Quality

2.4 Drivers of Performance in MOCs

This section explores what drives performance in MOCs. It takes a managerial view with attention on CEOs as drivers of municipal corporation's performance. The drivers are conceptualised as managerial autonomy and managerial relationship.

2.4.1 Managerial Autonomy (MA) in MOCs

The key characteristics of MOCs are their considerable legal and managerial autonomy (MA) (Voorn, et al., 2020). The efforts by most European countries to reinforce local autonomy proves that the transfer of service delivery to the local government is important (Ladner, Keuffer & Baldersheim 2016). The transfer is fuelled by a range of NPM and post-NPM reforms that were intended to enhance or constrain the autonomy of managers in the public sector (Bezes & Jeannot 2018; Christensen & Lægneid, 2011).

Delving into MOC autonomy would, therefore, require considering theories and approaches from economic and political perspectives. Indeed, privatisation which is embedded in the NPM has taken a variety of forms from both economic and political reasons (Bach & Givan, 2011). There

is also a difficulty in separating politics from public service delivery because it is assumed to have some advantages (Voorn, et al., 2020). However, there is a challenge between politics and public service delivery. Consistent with the public choice theory, politicians continue to champion their self-interest nature in a free market even when they assume public office (Larkin, 2016; Niskanen 1971 cited in Pérez-López, et al., 2015). The situation may weaken the efficiency of service delivery in a MOC owing to the control elected politicians may exert (Voorn, et al., 2020). Bergh et., al., (2019) claim that politics creates room for increased informal practices in local politics and worsens conditions for accountability. The reason for this is that, in practice, political representation on MOC boards does not provide any form of immunity against agency loss (ibid). Possibly due to the political view, MOCs are likely to demonstrate lower business autonomy (Krause & Thiel, 2019). On the contrary, Friedman, (1996) posits that the explanation for the actions of politicians is too simplistic and not empirically verified, rendering the theory controversial.

Given the importance of MA, scholars have raised questions about the extent to which managers are free to choose courses of action and how these choices influence organisational outcomes (Postuła & Wąsowska, 2018). Postuła and Wąsowska, (2018) also points out that the agency and upper echelons theories have attempted to tackle this question. Both theories have been used extensively by scholars across several fields including studies in public services delivery. While the agency theory deals with agency problems that may exist because of the separation of ownership (principals) and management (agent), the upper echelon theory deals with how managers act based on their characteristics.

The premise of the agency theory is that agents will not always act in the best interest of the principal if the agent and principal both seek to maximise utility function (Oliveira & Filho, 2017). This can lead to increased monitoring to limit the divergent interest of the agent, which culminates in monitoring cost (Jensen and Meckling, 1976). MOCs' multiple principals including citizens who are indirect owners (Thomasson, 2020) renders the former accountable to and monitored by the various interest groups including politicians (Vagliasindi 2008). NPM requires that public managers be given more flexibility to decide how they intend to achieve organisational outcomes (Krause & Thiel, 2019). However, strict monitoring and controls by politicians leave little space

for strategic goal setting and planning (ibid). In this case, political influence weakens MA and vice versa (Postuła & Wąsowska, 2018).

Contrary to the agency theory, Donaldson and Lorsch (1983) argue that managers are more interested in pursuing the interest of a firm than their interest. Two main opposing views regarding the autonomy of managers have also emerged. The first argument is that organisational outcomes are highly dependent on top executives (e.g. Sanders, 2001). The opposing view within organisation theory, however, suggests that external factors, normative and inertial limits what top executives can do (DiMaggio & Powell, 1983; Hannan & Freeman, 1977). Hambrick and Finkelstein (1987) introduced the managerial discretion theory to solve these opposing views (Postuła & Wąsowska, 2018). This view maintains that managerial discretion originates from environmental (e.g. industry), organizational (e.g. board) and individual (e.g., political acumen) sources, each of which can inhibit or enable strategic action in organizations (Finkelstein & Peteraf, 2007). The concept provides a theoretical swivel for settling the debate about whether Chief Executive Officers (CEOs) have much influence over organisational outcomes (Crossland & Hambrick, 2011; Hambrick and Finkelstein, 1987). For instance, unforeseen events and rapid changes in an industry (e.g. high cost of energy generation) could demand that the CEO acts to save the corporation. However, due to the complexity of the ownership and stakeholder of the MOCs, it may be a challenging task as compared with private entities. MOCs are owned by the municipalities and are solely responsible for the corporations' governance by appointing politicians to the board (Thomasson, 2020) who then appoint a CEO. According to Postula and Wasowska, (2018), political connections of CEOs significantly influences decision making and its subsequent performance. In Italy, management discretion was found to significantly cause inefficiency in municipal enterprises (Garrone, Grilli & Rousseau 2013).

Since the majority of studies on managerial discretion have focused on the role of the task environment or industry characteristics in creating managerial discretion, (Wangrow, Schepker, & Barker III, (2015), this present study will consider the internal sources of managerial discretion such as internal policy and strategic directions. It also addresses the limitation of Hambrick and Finkelstein (1987) by dwelling on options taken by CEOs rather than the availability of perceived discretion. Embedded in managerial autonomy is managerial discretion (Verhoest, Peters, Bouckaert & Verschuere, 2004) hence the use of the term MA to encompass discretion in this study. It is imperative to come to terms with what hinders and fosters CEOs' ability to influence

organisational outcomes. This is because the appointment of CEOs is noted to sustain and improve organisational outcomes and effectiveness (Barker, Patterson, & Mueller, 2001).

2.4.1.1 Managerial Autonomy and Organisational Performance

“Autonomy is first about discretion or the extent to which the agency can decide itself about matters it finds important” (Verhoest, et al., 2004, p. 104). Ruzzier, (2018) defined managerial autonomy essentially as freedom from influence: The manager may decide upon firm strategies on behalf of the principal unless instructed otherwise. Discretion deals with the rational, coherent, and unified strategic decisions that managers execute independently within the firm to achieve organizational development (Yan, Chong & Mak, 2010). It can then be assumed that discretion and autonomy are inseparable hence can be used interchangeably. Verhoest et al. 2010 indicates that the term comprises of Human Resource Management (HRM) and financial autonomy. Whereas managerial financial autonomy involves the allocation of financial resources within an agency and its budget, HRM autonomy concentrates on the use of people for strategic and operational purposes (de Kruijf and Thiel 2017). MOCs like State-Owned Enterprises, have been faced with an intense dispute on the right balance between political control and autonomy with interferences of politicians in daily life business activities on the one hand and SOEs moving away from the overriding goals of their owner and their original public service goals on the other (Grossi, Papenfuß & Tremblay, 2015). Additionally, the issue of “balancing control and autonomy could be the result of attending to different actors and institutions in the technical environment, which may not always be easy to reconcile” (Christensen & Lægheid, 2011, p. 412).

MA also gives rise to a transaction cost. As explained by Voorn, et al., (2020), a transaction cost is an issue because of the distance between authority and the operator which can create goal divergence, information asymmetries, and principal-agent problems such as managers hiding information or shirking public orders. Voorn et al., (2020) further argue this transaction cost may impact negatively on performance since principals’ objectives are less likely to be satisfied if the distance between an MOC and its political principal increases. It is based on this that the OECD (2018) recommends that persons directly linked with the executive powers should not be placed on the boards of public service corporations.

An enhanced MA is thought to give top officials more flexibility to proffer solutions to problems and adapt while simultaneously prioritising service delivery to the citizens and holding public managers accountable (Bezes & Jeannot 2018). However, intentionally creating autonomy may not necessarily increase autonomy in MOCs as outside forces including political pressure even if indirectly can affect how the organisation works (Vining, 2011). This explains how MA is lowered by politicization (Bezes & Jeannot 2018).

Local autonomy is an indicator of good governance (Ladner, Keuffer & Baldersheim 2016). Nelson and Nikolakis, (2012) argued there are some evidence to suggest that autonomy enhances performance hence managers need autonomy to improve social efficiency. It is also suggested that an increased MA combined with result controls is a catalyst for innovation and can lead to improved performance (Wynen et al., 2014). Scholars agree that the decisions and actions taken by managers of organisations are precursors to ambidexterity (i.e. exploration and exploitation of resources) (Smith and Tushman, 2005; Smith and Umans, 2012; Tushman and O'Reilly 1996). Parikh and Bhatnagar, (2018) contend that the realisation of organisational ambidexterity is linked to how well the individuals in an organisation manage contradictory goals by their responses. A higher discretion will give managers a wide range of options to explore and exploit (J. T. Campbell, Campbell, Sirmon, Bierman, & Tuggle, 2012). And this enhances the ambidexterity of the firm since leaders have the flexibility to explore new opportunities to enhance firm overall performance and competitiveness (Cao et al., 2009). According to Andersen (2017), it is only the options and actions taken by executives that impact on other organisation factors and not merely the options available. Once CEOs are afforded more opportunities to inject themselves in a larger domain of discretionary powers, more opportunities will present itself to directly influence OA.

Based on this, the hypothesis is formulated as follows:

H2a Managerial Autonomy will positively influence organisational ambidexterity.

2.4.2 Managerial Relationship (MR)

Top Management Teams (TMT) are crucial for MOCs as they direct the operations of the organisations led by the Chief Executive Officer (Boyne, James, John, & Petrovsky, 2011). Largely, the sustained performance will depend on how TMTs are effectively exploring and

exploiting resources (Smith & Tushman, 2005; Smith & Umans, 2012). As such, “TMT is a dominant or powerful actor in an organisation” (Hambrick and Mason, 1984, p193).

From the Upper Echelon Theory perspective, the background, and traits of TMT influence organisational performance (Hambrick and Mason, 1984). The theory sought to suggest that the personal characteristics such as age, tenure and specialisation of senior managers is an important influencer when making a complex decision (for example strategic decisions) (Ting, Azizan & Kweh, 2015). The assumption is that environmental forces do not determine the organisational outcome but rather, managers’ bounded rationality, embedded in their cognitions (Smith & Umans, 2015). In the MOC, TMT has greater responsibilities and relatively higher autonomy which gives them the freedom and possibility of exercising their leadership in various ways (Dull, 2009).

Many scholars have relied on several theoretical frameworks including the upper echelon theory to establish the relationship between managers characteristics and organisational outcomes (e.g. Ting, Azizan & Kweh, 2015; Smith & Umans 2015; Umans, 2012). For instance, in the study of Ting et., al, (2015) spanning 2002 to 2011, it was revealed that the CEO characteristics (age and educational level) influence organisational outcomes (i.e. financial leverage decisions). They note that “CEO’s age is significantly and negatively related to leverage and the higher the education, the higher the debt of the firm”. Smith and Umans’ (2015) study, however, looked at the theory from a different perspective when studying how senior managers influence organisational outcomes (i.e. organisational ambidexterity) with inspiration from Child’s (1972) idea of strategic choice. Stirred by the strategic management theory, Child (1972) suggests that power holders decide the course of action of an organisation, and these actions can be directed at different targets. Smith and Umans (2015) identified three concepts under the main concept of managerial focus: entrepreneurial focus, stakeholder focus and managerial leadership focus. These theories demonstrate how leadership is important for organisational outcomes however, they are all mostly centred on the leaders’ inward qualities to drive the change. Graen and Uhl-Bien (1995, p. 224) observe that a leader-based approach is “highly dependent on the leader; hence problems occur if the leader changes or is pursuing inappropriate vision”. In recent times, different scholars have also found that managerial behaviour does have an important influence on government performance (Orazi, Turrini & Valotti, 2013).

This present study seeks to build on these studies by exploring the relationship-based leadership domain. The relationship-based domain draws from the Leader-Member Exchange (LMX) theory

developed by Graen and Uhl-Bien (1995). According to them, the concept of the theory is that effective leadership occurs when leaders and followers develop mature and mutually beneficial relationships. Indeed, the quality of the relationship between managers and followers is expected to promote organisational change (Ritz, Shantz, Alfes & Arshiff, 2012) since it provides an avenue for followers to go the extra mile to make their organisations' more effective hence achieving organisational performance (Graen and Uhl-Bien 1995).

The leadership of MOC is key for identifying and implementing invaluable synergies among exploratory and exploitative actions (O'Reilly and Tushman, 2004). However, good leadership is based on relationships (Graen and Uhl-Bien 1995) and the type and quality of the relationship between superiors and subordinates are fundamental to the success of the organisation as well as that of the superior (ibid). Employees in high-quality relationships with a leader tend to show exploration activities because of the trust they have for the leader (Bezuijen, Dam, Berg, & Thierry, 2010). As Simons (1994) pointed out that interactions between superiors and subordinates can stimulate dialogue and debates about strategic uncertainties. Likewise, a shared vision relates to TMT's ability to create an ambidextrous organisation (Tempelaar, Jansen, Bosch, & Volberda, 2010). The result is the creation of an organisation that fosters the ability of every employee to share best practices such as organisational learning for building capacities (Albertini 2018). In this regard, creativity is expounded by the influence of LMX on employees that will eventually improve the competitiveness of the organisation (Wang, 2016). It is envisaged that creativity will promote the creation of new opportunities and ideas for the MOC hence LMX is an enabler for organisational ambidexterity. It is therefore hypothesised that:

H2b: A higher-quality MR with employees will positively influence organisational ambidexterity.

2.5 Organisational Ambidexterity mediating Managerial Autonomy and Managerial Relationships

Several studies have highlighted the important role of ambidexterity in public sector organisations. In particular, Plimmer, Bryson and Teo, (2017) found organisation ambidexterity to play a mediating role between organisational systems and performance in the public sector. They argue that ambidexterity helps public sector organisations to adjust to the growing demands from the

multiple interest groups while using resources well. The implication is that even though management of MOCs would impact on organisational performance (Smith & Tushman, 2015), effectively achieving ambidexterity is what will lead to higher performance (O'Reilly III & Tushman, 2015). Arguments for H2 propose that MA and MR will positively be related to OA. OA is further hypothesized to be related to MOC performance. This implies that the impact of MOCs' leadership on SQ and HRP is due to OA. Following a chronological order of these influences, we thus hypothesize that:

H3a: OA will mediate the relationship between MA and SQ

H3b: OA will mediate the relationship between MA and HR Performance

H3c: OA will mediate the relationship between MR and SQ

H3d: OA will mediate the relationship between MR and HR Performance

2.6 Conceptual Model

The literature and theories elucidated above provide the foundation for the development of hypotheses, which are subsequently used for the conceptual model depicted below (figure 2.1). The model illustrates the drivers of performance. The drivers are represented by MA and MR as explained by LMX theory (Graen and Uhl-Bien 1995). The model shows how MA and MR influence OA leading to SQ and HR Performance. In this case, OA mediates the relationship between MA and MR (drivers) and HR Performance/SQ. The model served as a guide for data collection and analysis.

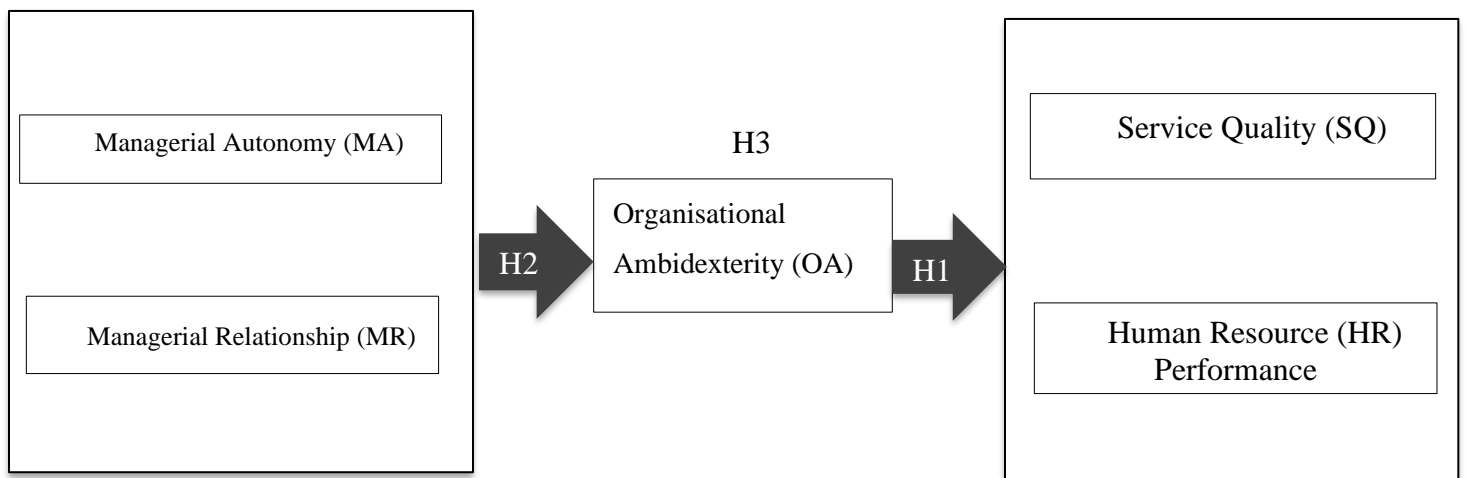


Figure 3.1 OA mediating the relationship between drivers of performance with a managerial focus (MA and MR) and MOC performance (SQ and HR performance).

3.0 METHODOLOGY

This section presents the research approach, philosophy, design as well as the operationalisation of variables.

3.1 Research approach

The purpose of this study is to investigate how organisational ambidexterity mediates managerial autonomy as well as managerial relationship (predictors) and performance of MOCs in Sweden. To achieve this purpose the objectivist ontological position will be assumed. Bryman and Bell (2011) explain it to be a social phenomenon and their meanings have an existence that is exclusive of social actors (Bryman & Bell, 2011). The study will look to explain how the performance of MOCs (a social phenomenon) is affected by managerial autonomy and managerial relationship (social actors). Considering that the study seeks to explain how independent factors such as managerial autonomy and managerial relationship affect MOC performance, a quantitative study is suitable and appropriate. The quantitative approach measures and analyses causal relationships between variables in a logical setting depending on the predetermined theories (Yilmaz, 2013). Yilmaz (2013) explains the quantitative approach further saying it supports the perspective that psychological and social phenomena have an objective reality that is separate or independent of the studied subject. For this reason, the study should also be done objectively by the researchers who should see themselves as separate from the study.

This quantitative study will be deductive. Bryman and Bell (2011) describe the concept as the most popular nature of the relationship between theory and research. The concept looks at theoretical considerations in a specific field, deduces hypotheses which are empirically studied (Bryman & Bell, 2011). This paper seeks to investigate how OA mediates MA as well as MR effect on the performance of MOCs based on theories and through the testing of developed hypotheses empirically. This will be done to test the relationship between the theory and reality or the research.

This approach is not without limitations, though it gives room to obtain broad and generalisable findings and results concisely, the quantitative method does not allow for detailed probing into insights gathered from respondents' personal experiences. The reason for its inability to probe further is the reliance on a deductive approach and predetermined sets of standardised responses and theories (Yilmaz, 2013).

3.2 Research method and design

To fulfil the purpose of this study, a self-completion online survey was conducted on CEOs of MOCs in Sweden. Concerning sampling, the purposive sampling approach was adopted. According to Bryman and Bell (2011), this method aims to choose participants in a strategic manner, which sees to it that those sampled are relevant to the purpose of the study or the research questions being posed. The researcher often does the sampling to ensure that there is a fair representation and that the selected participants differ from each other in key characteristics. For this study, which is based in Sweden, the researchers sampled all counties and within the country, the MOCs in the top 5 most populated municipalities in each county were selected. The selected sample suited the needs of the study and picked out participants with a particular characteristic (CEO of a MOC) (Bryman & Bell, 2011). Out of the 21 counties in Sweden, all counties were sampled (100%), but in terms of municipalities, out of the 290 municipalities in Sweden, the sampling of the top 5 most populated municipalities in the counties meant that lots of municipalities were not sampled, thus only 111 out of the 290 were covered accounting for 38% of the municipalities in Sweden. Together, 394 CEOs contacts were gathered. *See table 3.1 below for more details.*

The advantage of this approach is the time and cost-effective nature that yields a range of responses from different parts of the country. On the other hand, Bryman, and Bell (2011) argue that due to its non-probability nature it does not allow for generalisation of findings to a population. Though this sampling method is not done at random it is not a convenience sample neither. The sample may also be subject to errors of judgement from the researchers. Despite the pool being broad, it may not be representative.

The self-completion questionnaire is advantageous in the sense that it is quick to administer and is convenient for the respondents to answer. The independence to answer the questions in the absence of the researchers and their influence can also be an advantage. On the other hand, the absence of researchers may give too much room to participants be biased in their favour by answering in a manner that is favourable to them. The questionnaire was structured in two main parts, the first was about MA and MR. The second part looked at OA the mediator between the predictors and performance. Finally, performance, and how the study measures it including questions on service

development quality and HR Performance. To get as many responses as possible, the questionnaire was translated to Swedish. This led to a few gaps as some meanings were lost in translation. But with the help of some excellent speaking Swedish students and our supervisor, these gaps were rectified. Both versions of the questionnaire can be found in the appendix.

The questionnaire was sent out to CEOs on 12/05/2020 and open until 15/05/2020, it took approximately 6 minutes to complete the study. 394 emails of MOC CEOs were collected and sent the link to the questionnaires. 130 responses were received and translated back to English before the coding and analysis using statistical software. The responses received accounted for a 33% response rate.

Table 3. 1 Summary of data gathered

	Sample Size	Sample Collected	Percentage
Number of Regions	21	21	100%
Number of Municipalities	290	111	38%
Number of companies		394	

Table 3. 2 Response rate

Emails Sent	Responses Received	Response Rate
394	130	33%

3.3 Reliability and Validity

The reliability and validity of scales is an important consideration as they influence the quality of data obtained (Pallant, 2016). While reliability refers to the extent to data collection or analysis procedures will generate consistent findings (Saunders, Lewis & Thornhill, 2016), validity, on the other hand, refers to the extent to which it measures what it is intended to measure (Pallant, 2016). Reliability scale reveals how free it is from random error (Pallant, 2016). It is determined by either stability, internal reliability, or inter-observer consistency (Bryman & Bell, 2015). To measure reliability of our data, the Cronbach alpha test was performed on all the variables. According to Pallant, (2016), a Cronbach alpha value above 0.70 is deemed to have an acceptable level of internal reliability.

The quality of research equally depends on the validity of data hence reliability cannot be the only measure to attain superior research (Saunders et al., 2016). Validity of scale entails collecting empirical evidence concerning its use (Pallant, 2016). There are different ways to measure validity of data (Bryman and Bell, 2015) including evidence that are empirically tested by scholars. As a result, the hypotheses development was based on existing literature and theories. Moreover, previous researches have empirically tested all concepts used for this study. Each scale used in the survey to measure the concepts were inspired by the works of other authors. Scales were double checked by our supervisor who has also conducted extensive research in this field to ensure the validity of data.

3.4 Ethical consideration

This study made use of primary data through online questionnaires administered to CEOs of Municipally Owned Corporations in Sweden. By adopting this approach, it is important to consider the ethical implications since it involves human participants (Bryman & Bell, 2015). Saunders et al., (2016) explain ethics to relate to the responsible and morally defensible way in formulating and clarifying research topics, collecting data, processing, storing, analysing, and presenting findings.

Participants had details of the research aims including a brief presentation of our background. To enhance adherence to confidentiality, participants' names and their respective companies were not collected as part of the data. Besides, participants were fully assured that their responses will be treated confidentially, and that data would be used for only the purpose highlighted in the preamble of the questionnaire. While this satisfies the principle of informed consent, protection of identities and maintenance of privacy (Bryman & Bell, 2015), findings cannot be traced to a any participant or company. These assurances are expected to boost the confidence of the participants to provide trustworthy answers to the questions thus enhancing the reliability of the data (Saunders et al., 2016).

3.5 Operationalisation

An important feature of a quantitative study is that concepts are translated into tangible indicators that can be measured quantitatively (Saunders, Lewis & Thornhill, 2009). The concepts for this

study are Managerial autonomy, managerial relationship, organisational ambidexterity, and performance. The concepts formed the central theme in the questionnaire to answer the research question: how MA/MR effect on the performance of MOCs is mediated by OA in Sweden. The questionnaires were carefully designed and translated to Swedish (appendix 1) since the validity and reliability of data and the response rate can only be achieved by a well-designed questionnaire (Saunders et al., 2016)

3.5.1 Independent Variables

3.5.1.1 Managerial Autonomy

The study employs two independent variables, MA and MR. MA was inspired by the study of Voorn et. al., (2020) whose study measured MA in Dutch MOCs. The respondents of this study were asked to answer six statements on MA on a five-point Likert scale where 1 denoted strongly disagree and 5, strongly agree. The overall measure of MA had acceptable reliability of $\alpha=.641$ According to Ursachi, Horodnic and Zait (2015), generally a value of 0.6 indicate an acceptable level of reliability.

To measure MA the question “Do you influence general decision-making competencies concerning the following managerial issues without prior consent from a higher municipal body or department?” Voorn et al., (2020) looked at Autonomy under three perspectives namely, personnel, financial and budget source autonomy. Whiles sampling questions for the measurement of autonomy, the most relevant questions under all the three perspectives were selected and restructured to suit the study. Voorn et al., (2020) looked at autonomy from the organizational point of view, but considering that the study has a managerial focus, the questions were redirected to the managers. For instance, Voorn et al., (2020) asked whether “the organization makes decisions regarding the setting of tariffs or prices for products, making investments, shifting funds between material budgets and personnel budgets”. These three questions were reconstructed and focused on the CEOs themselves. The first three questions under MA subsequently read whether “I influence the setting of tariffs or prices for products or services, I influence the investment choices of the MOC, and I shift funds between material budgets and personnel budgets when needed”. To further assess autonomy the remainder of the questions were raised as well. A total of six statements were outlined to measure MA. *See Table 3.3 below for more details.* An average

accumulative value for MA was calculated and used as one independent variable in the analysis of data.

Table 3. 3 Independent variable (MA)

Managerial Autonomy

Do you influence general decision-making competencies concerning the following managerial issues without prior consent by a municipal body or department? (1 = strongly disagree; 5 = strongly agree)

- i. I influence the setting of tariffs or prices for products or services
 - ii. I influence the investment choices of the MOC
 - iii. I shift funds between material budgets and personnel budgets when needed
 - iv. I bargain and enter negotiations on behalf of the MOC to reduce political bureaucracy.
 - v. I oversee the establishment of control measures to monitor the procedures used to accomplish a given task
 - vi. I modify procedures if the desired results of the MOC are not attained
-

3.5.1.2 Managerial Relationship (MR)

Since the study took a managerial focus in relation to the drivers of performance, the second independent variable was MR. The questions in this section of the survey were mostly drawn from the studies reviewed for the study such as (Graen & Uhl-Bien 1995). Studies showed how good relationships lead to great synergies and results in high-performance levels (O'Reilly & Tushman 2004; Bezuijen et al., 2010). These studies inspired questions about the relationships between the CEO and his employees. *Table 3.4 below* outlines the questions on MR used in the questionnaire. The last three questions were negatively formulated hence required reverse coding. An average accumulative value for MR calculated and used as one independent variable in the analysis of data. The reliability test showed an α value of .795

Table 3. 4 Independent variable (MR)

Managerial Relationship

Please indicate below to which extent the following statements describe you (CEO) Where 1=strongly disagree to 5=strongly agree

- i. In your opinion, how do you assess the quality of the relationship between you and your subordinates?
 - ii. I regularly engage my subordinates to receive feedback
 - iii. I involve subordinates in value creation for customers
 - iv. I solicit for innovative ideas from subordinates to enhance organisational change
 - v. I motivate subordinates to give their best and go the extra mile to achieve results
 - vi. I rarely show interest in subordinates' personal and professional development
 - vii. I rarely disclose strategic plans to subordinates
 - viii. I often micromanage employees
-

3.5.2 Dependent Variables

The dependent variables: HR Performance and SQ were measured by three and six statements, respectively. Respondents answered questions encompassing the different dimensions on the subjects on a five-point Likert scale where 1 represented *strongly disagree* and 5 represented *strongly agree*. Questions to measure performance as perceived by the CEO on SQ and HR Performance were mostly inspired by Umans (2012). Perceived non-financial performance measures were used because of the difficulty in measuring performance in the public sector (Voorn et al., 2020). Both Voorn (2020), and Umans (2012) acknowledged the chances of the CEO being biased and other limitations associated with the use of perceived performance. On the other hand, Umans (2012) argued why the perception of CEOs is valid particularly with respect to organisational performance measures. CEOs tend to be well informed when it comes to the performance of their organisation.

3.5.2.1 Service Quality

Since this study is geared towards just managers and the MOCs they steer, the views of users of end products or services will not be factored and the quality of service provided will only be measured based on the perception of the managers. An approach that may present a few biases in favour of the managers and the MOC. Under SQ, the first two questions were drawn from Umans (2012) where the study asked about the quality of products and services of organisations. The question was restructured to “My perception of the quality of products or services the organisation provides are very high”. Umans (2012) also posed questions concerning the “development of new product and or services” as part of the service development and quality measure. The question was broken down into several questions including whether the MOC: “constantly surveys existing customers’ satisfaction”, “Fine-tunes what it offers to keep its current customers satisfied”, “co-create value with customers”, and finally, whether the MOC “Invests in research and development to improve products and services”. These questions motivated the creative formulation of the fifth question “Received awards and recognition for excellent service delivery”. All these statements were geared towards an SQ measure and measured on a five-point Likert scale where 1 “denoted strongly” disagree and 5 “strongly agree”. See **Table 3.5** below for more details. The average total score for SQ was computed and used as one dependent variable in data analysis. The measure had a reliability figure of $\alpha=.741$

3.5.2.2 Human Resource Performance

Statements on HR Performance as another performance measure was also inspired by Umans (2012) and Saleem and Iglesias (2016) included whether the organisation had the “ability to attract and retain talented employees”. In this study, the question was restructured to ask to what extent “the MOC has a high chance of attracting and retaining talented employees”. Secondly, Umans (2012) looked at the “relations between management and employees” Similarly, this study sought to assess whether “the relations between management and employees are cordial and allow for open discussion within the organisation”. Finally, to measure HR Performance, the questionnaire asked whether “the MOC investing in employee careers to develop them above their peers in the industry is a core attribute” (Chambers, et al., 1989; Kalinina & Valebnikova, 2017). All the questions like the prior questions in other sections followed a five-point Likert scale and the three

questions were computed into one performance dependent variable. See **Table 3.5** below for more details. The measure had reliability of $\alpha=.714$

Table 3. 5 Service Quality

Service Quality	<p>Please indicate below to which extent the following statements describe the quality of service.</p> <ul style="list-style-type: none">i. My perception of the quality of products or services the organisation provides are very high The MOC:ii. Constantly surveys existing customers' satisfactioniii. Fine-tunes what it offers to keep its current customers satisfiediv. Co-create value with customersv. Received awards and recognition for excellent service deliveryvi. Invests in research and development to improve products and services
Human Resource Performance	<ul style="list-style-type: none">i. The MOC has a high chance of attracting and retaining talented employeesii. relations between management and employees are cordial and allow for open discussion within the organisationiii. the MOC invests in employee careers to develop them above their peers in the industry is a core attribute

3.5.3 Mediating Variable

3.5.3.1 Organisational ambidexterity (OA)

This section of the survey was inspired by Umans (2012) where OA was used as a performance measure. In this study, OA was measured with a total of eight statements, five of those with an explorative view, and the remainder with an exploitative view. All statements were measured with a five-point Likert scale with 1 denoting strongly disagree and 5, strongly agree. A high score (5) signifies a high level of ambidexterity in the MOC. OA is seen as a mediator between the drivers of the performance in MOCs (MA and MR) and performance. The survey required respondents to “Please indicate below to which extent the following statements describe the MOCs ability to be efficient in its management of today's business and adaptable for coping with tomorrow's changing demand.” The questions were sampled from Umans (2012) study. Out of the 6 statements under explorative perspective outlined in that study 5 was relevant for our study and used in the questionnaire. Similarly, the exploitative perspective had 6 statements from which 3 were sampled and used for this study. The statements used are seen below in *table 3.6*. The statements were computed together as one overall measure of OA and had reliability of $\alpha=.832$

Table 3. 6 Organisational Ambidexterity

Organisational Ambidexterity

Please indicate below to which extent the following statements describe the MOCs ability to be efficient in its management of today's business and adaptable for coping with tomorrow's changing demand. Where 1=strongly disagree to 5=strongly agree

Explorative orientation

The MOC:

- i. adopts novel technological ideas by thinking “outside the box”
 - ii. bases its success on its ability to explore new technologies
 - iii. creates products or services that are innovative to the firm
 - iv. looks for creative ways to satisfy its customers’ needs
 - v. aggressively ventures into new market segments
-

Exploitative orientation

- i. Commits to improve quality and lower costs
 - ii. Continuously improves the reliability of its products and services
 - iii. Increases the levels of automation in its operations
-

3.6 Control Variables

In surveys, questions about the characteristics of respondents usually serve as control variables. These characteristics were gathered through the background questions posed to the respondents. For instance, gender, birth year, the highest level of education, tenure in office, the industry of the MOC, size as well as the ownership structure. Control variables allow for exploration of differences in opinion among participants based on their characteristics (Dillman, 2007).

Ownership

Type of ownership may result in contradictory goal structure, hinging their success to the ability to serve two or even three masters (Grossi et al., 2017; Haigh & Hoffman, 2012). Thus, ownership is associated with autonomy, wholly owned MOCs may enjoy a higher autonomy. It was measured on four (4) categorical options namely, wholly owned by the MOC, Inter-municipal ownership, Municipal and Private ownership (hereafter known as Public-Private Partnership or PPP) as well as an “other” option to capture ownership structures not available in the options given. The “other” option given meant participants could choose and specify options that were not made available. This led to the creation of two new alternatives for ownership: Regional & Municipal ownership, Regional & Inter-Municipal. Given that the data is categorical, four (4) dummy variables were generated out of the five (5) ownership structures. Since wholly owned had the highest data in the group, it was used as the reference group.

Size

The size of the firm was measured in terms of the number of employees. Voorn et al., (2020) argues that organisation’s size in terms of employees may affect performance. Similarly, Wynen et al., (2014) used size as a control variable but measured in terms of the number of employees. They argued that a large organisational size may have a negative effect since it may increase the number of communications channels and formalisation processes hindering the flow of innovative ideas. To determine the size of the MOC, respondents were asked to indicate the number of employees they have. Per the classification of firm size in Sweden by the number of employees, four firm sizes were created namely, micro small, small, medium, and large. The categorisation was based on the work of Johansson, (1997) as follows:

Table 3. 7 – size categorisation

Firm Size	Number of Employees
Micro Small	0 – 9
Small	10 – 99
Medium Size	100 – 499
Large	500+

Size was used as one variable on a scale of 1 to 4 with 1 indicating a micro small MOC and 4 representing a large MOC.

Industry

Like size, the sector or industry the MOC operates in may affect the level of performance. This is because some sectors tend to be more technical than others, and managers may struggle more with technical services while running MOCs due to lack of expertise or capacity (Voorn et al., 2020). Hence, the industry the MOC belongs to was also captured as a control variable. The questionnaire asked, “In what industry does the MOC belong to?” and 14 distinct industries were outlined as alternatives to choose from. This number was later scaled down to 6 industries by merging some of the alternatives initially outlined in the questionnaire. This allows for 5 dummy variables while “construction” group remained as the reference group. Below are the industries captured in the questionnaire and the new categorisation of the industry prompted by Johansson, (1997).

Industries in Questionnaire	New Industry
------------------------------------	---------------------

Water & Sanitation Energy	Electricity, Gas, Water and Sanitation (Utilities)
Real Estate	Construction
Transport Port and Terminal	Transportation
Consultancy & Business Development Finance and Insurance	Financing
Tourism, Recreation & Culture Education Security Employment	Community and Social Service
Conglomerate Life science Technology	Others

3.7 Data Analysis

In analyzing the questionnaire data collected, the IBM Statistical Package for the Social Science (SPSS) was used as it provides a reliable platform when performing a quantitative study that requires statistical data analysis (Bryman & Bell, 2015). The various questions used for the variables were tested for reliability using the Cronbach Alpha and subsequently examined for robustness utilizing factor analysis. Prior to using the variables for the regression, a test of normality test was conducted to determine whether the data were normally distributed. One case of an outlier was found in one variable (OA) with a regression standardized predicted values of 3.686 which is above the acceptable threshold of -3.3 to 3.3 (Pallant, 2016). Cook's Distance was used to check whether this may unduly affect the models. The maximum value was 0.442 hence all variables were used since a case of less than 1 is not problematic (Tabachnick and Fidell, 2013).

4.0 EMPIRICAL FINDINGS

This chapter discusses the empirical findings covering descriptive statistics, analysis for robustness and correlation matrix depicting the correlations between variables under review. Additionally, a regression analysis is used to test the various hypotheses with further examination of the data. Finally, the Process Marco (version 3) was used to run the mediation analysis.

4.1 Descriptive Statistics

The data collected generated a total of 130 responses. Out of these, 117 and 9 questionnaires were complete and incomplete, respectively. Two (2) responses were considered invalid hence was neither added to the descriptive nor analysis. Overall, 128 responses are presented in the descriptive statistics while other test used less than 128 responses. The sample collected comprised of a vast majority of males representing 72.7 per cent of total respondents compared with 27.3 per cent females (*Table 4.1*). The average age of respondents' hovers 32 years and 69years; average age, however, stood at 54years (*Table 4.2*).

Table 4. 1 Gender Distribution

	Frequency	Per cent
Male	93	72.7
Female	35	27.3
Total	128	100.0

Table 4. 2 Age of the Respondents

	Minimum	Maximum	Mean
Age	32	69	54

Individual characteristics of the respondents differed considerably. Regarding the tenure of respondents, the average tenure was 7years, but the shortest and longest tenure was approximately 2 months and 39 years. Majority of the respondents are holders of either bachelors or masters' degree represented by 66.67 per cent of the respondents while 3.2 per cent had doctorate (*Table 4.3*).

Table 4. 3 Tenure

	Minimum	Maximum	Mean
Tenure	0.2	39.0	7.011

Table 4. 4 Education Background

	Frequency	Per cent
High School Diploma	16	12.7
University Courses	15	11.9
Professional	7	5.6
Bachelors	42	33.3
Masters	42	33.3
Doctorate	4	3.2
Total	126	100.0

Respondents were categorised into 5 key industries however, respondents with multiple businesses in different industries and those who do not fall within the five main industries were grouped into “others” resulting in 6 industries. Most respondents are from the construction (real estate) representing 44.9% of the respondents, followed by the Utilities (16.9%). Those from the other categories were 7.6% (See *table 4.5 below*). The ownership structure was highly concentrated as 78.7% of the respondents indicate wholly owned municipal ownership. Inter-municipal and municipal-private ownerships trailed with 11.0% and 7.1% respectively (*Table 4.6*). Ten (10) respondents did not indicate the industry of the municipal corporation. Based on the classification of sectors in Sweden by Johansson (1997), the industries were recouped into 7. The study used these new industries for the analysis.

Table 4. 5 New Industries

	Frequency	Per cent
Electricity, Gas, water, and sanitation (Utilities)	20	16.9
Construction	53	44.9
Transportation	11	9.3
Financing and Insurance	10	8.5
Community and Social Services	15	12.7
Others	9	7.6
	6	100.0
Total	118	16.9
Missing	10	

Total	128
-------	-----

Table 4. 6 Ownership Structure

	Frequency	Per cent
Wholly owned (100%)	100	78.7
Inter-Municipality Ownership	14	11.0
Regional and municipality ownership	2	1.6
Regional and Inter-Municipality Ownership	2	1.6
Municipal and Private Ownership	9	7.1
Total	127	100.0

The majority of the MOC's were small according to the Johansson's (1997) classification of Swedish firms in terms of the number of employees. Medium-sized MOC with employees 100 to 499 followed with 21%. By this result, only two firms representing 1.6% of MOCs are considered large. See *table 4.7 below*.

Table 4. 7 Size of MOC by number of employees

	Frequency	Per cent
micro	19	14.8
small	80	62.5
medium	27	21.1
Large	2	1.6
Total	128	100.0

The summary of the mean values for dependent, independent, and mediating variables are presented in **table 4.8** below. The mean value for MR and MA was high. MR was 4.49 while MA was 4.41. On average, CEOs have a high level of managerial autonomy and relationship with employees. CEOs showed the highest level of discretion regarding recruitment and their conditions.

The result also reveals an above-average level of SQ (mean = 3.52), HR Performance (mean = 3.95) and OA (mean =3.61). MOCs demonstrate a slightly above-average level of ambidexterity and they are more inclined to exploit than explore. The sizes of municipal corporations in terms of employees ranges from as low as 2 to a maximum of 900 however, the average employees across the 128 corporations is 83. See *Table 4.8 below*.

Table 4. 8 Descriptive Statistics for Dependent, Independent, Mediating and Control Variables

	N	Minimum	Maximum	Mean	Std. Deviation
Service Quality	128	1	5	3.52	0.673
HR Performance	128	1	5	3.95	0.640
Managerial Autonomy	128	1	5	4.41	0.770
Managerial Relationship	128	1	5	4.49	0.476
Organisational Ambidexterity	128	1	5	3.61	0.599
Size	126	1	4	2.09	.646
Tenure	126	0.2	39.0	7.01	6.644
Education	126	1	3	2.063	.817
Age	128	32	69	54	6.499
Valid N (listwise)	124				

4.2 Reliability

Table 4.9 shows the reliability of the variables used for the study measured by Cronbach's Alpha test ranging from 0.641 to 0.83. The combined score for the mediating variable is 0.83 while the independent variables were 0.641 and 0.795. This shows that there is an acceptable level of internal inconsistency as all the variables were more than 0.7 except for managerial autonomy (**Table 4.9a**). Though ideally, Cronbach alpha of a scale should exceed 0.7, scales with items less than ten (10) are likely to report lower than 0.7 (Pallant, 2016). Generally, a value of 0.6 should indicate an acceptable level of reliability (Ursachi et al., 2015). To be confident about the reliability of this variable, a further mean inter-item correlation was then reported for the scale which showed a recommended optimal mean of 0.229 (Briggs & Cheek, 1986). See **table 4.9b** below.

Table 4. 9a Reliability Statistics

Variable	Cronbach's Alpha	N of Items
Organisational Ambidexterity	.832	8
Managerial Relationship	.795	6
Managerial Autonomy	.641	6
HR Performance	.714	3

Service Quality	.741	6
-----------------	------	---

Table 4.9b Reliability Statistics: Inter-Item Correlations – Managerial Autonomy

Mean	Minimum	Maximum	Range	Maximum / Minimum	Variance	N of Items
.229	.085	.562	.477	6.608	.014	6

4.3 Robustness

To test for robustness, all the variables were subjected to Common Method Bias (CMB) test. Harman's single factor test was used. Before the testing, it was determined that the data set was suitable for factor analysis: by sample size, the ratio of participant to item and strength of correlation (Pallant, 2016). The correlation between the variables were greater than 0.3 while Kaiser-Meyer-Olkin measure of sampling adequacy was (0.813) with Barlett's test of sphericity significant at $p < 0.001$ which is above 0.6 (Tabachnick & Fidell 2013). Considering the sample size of 128, it was considered appropriate to test for PCA (Pallant, 2016). The eigenvalues show that three of the items accounts for 39.7% of the total variance in variables. See *table 4.10* below.

Table 4. 10 Eigenvalues

Component	Total	% of Variance	Cumulative %
1	2.603	14.463	14.463
2	2.359	13.103	27.566
3	2.185	12.139	39.704

4.4 Correlation Matrix

The detailed correlation matrix (appendix b) with all the variables used for the study displays a mixed level of correlations between the variables (i.e. independent and dependent variables, independent and mediating variable, mediating and dependent variables). However, some of the variables did not show significant correlations. The result shows that the independent variables (MA and MR) and the mediator (OA) are weakly positively correlated. The result also reveals that

there is a strong correlation between MR and HR Performance however MR with SQ remained moderate. The mediating variable, however, was fairly correlated with HRP and strongly with SQ. The relationship between OA and SQ was the highest. It is evidenced that the higher the educational background of CEOs, the lower the level of managerial relationship. Moreover, as the size of the firm increases by the number of employees, SQ improves. To test the extent of the correlations between the variables, a multiple regression analysis was conducted. *See table 4.11 below for more details.*

Table 4. 11 Correlation Matrix

	1	2	3	4	5	6	7	8	9	10
1 HR Performance										
2 Service Quality	.396**									
3 Managerial Relationship	.502**	.311**								
4 Managerial Autonomy	0.109	.198*	.179*							
5 Organisational Ambidexterity	.359**	.672**	.272**	.227*						
6 Gender	-0.044	0.070	0.099	-0.021	-0.087					
7 Age	-0.027	-0.068	0.013	-0.056	0.016	-0.085				
8 Tenure	-0.005	-0.044	0.049	-0.073	0.047	-0.149	.247**			
9 Size	0.164	.240**	0.160	0.094	.226*	-0.008	-0.169	0.012		
10 Education	-0.107	0.012	-.233**	-0.154	0.001	0.145	-0.165	-0.163	0.069	

Note: *** $p < 0.001$; ** $p < 0.01$; * $p < 0.05$; † $p < 0.10$

4.5 Regression

Multiple linear regression was used to test the three main hypotheses and to explore the interrelatedness of the variables. Before the regression analysis, the variables were tested for normality. The Normal Probability Plot (P-P) of the Regression Standardised Residual was used. It is expected that in a normal distribution, only 1% of data will fall outside the range. The case of outliers in each data set was a check for with Cook distance and no case was found to be above the limit of 1 (Pallant, 2016). Aside from checking for outliers, the correlation matrix was analysed to detect independent variables that are highly correlated above 0.7. Three dummy variables in the “industry” group (Financing, Comm. & Social Serv., and Transport) were eliminated from the analysis since they were 100% correlated with other independent variables and could give rise to multicollinearity (Pallant, 2016). The remaining variables were within appropriate relationships therefore used for the analysis. Eliminating these three variables reduce the maximum VIF to 1.195 which is far below 10.

Having used categorical data in the questionnaires in the case of ownership structure and industry, they were changed to dummy variables with the highest in the group eliminated and used as a reference group. In the category of “ownership structure”, wholly-owned was the reference group for Inter-Municipally owned, Regional & Inter-Municipal, Region & Municipal and Municipal and Private (PPP) Finally, in the category of “Industry”, “construction” group was the reference group while three out of six dummies used were “Utilities” and “others”. All the control variables were used for the analysis except for the three with high multicollinearity discussed above.

4.5.1 Organisational Ambidexterity and Service Quality/ HR Performance

OA was hypothesized to influence SQ and HRP and the regression models below (1 and 2) were used to exam hypothesis 1a and b. In model 1, SQ was used as the dependent variable while OA was the independent variable. The regression model was significant at $p < 0.001$ and the variables predict 48.6% of the variance in SQ. None of the control variables was statistically significant except for gender which predicts that male CEOs contributes more to SQ than their female counterparts (gender B = 0.115, $p < 0.1$). OA was as well statistically significant at $p < 0.001$ providing strong predictive power.

Model 2 which has HRP as the dependent variable and OA maintained as predictor provided a complete proof for hypothesis 2 (a and b). Variables in model 2, however, contribute less to the variance in HRP at 10.1% ($R^2=.101$) with OA also a significant variable ($B = .376$, $p < 0.001$). By these results, it can be concluded that organisational ambidexterity influences performance (SQ and HRP) of MOCs.

Table 4. 12 Regression: Organisational Ambidexterity and Service Quality/ HR Performance

Variables	SQ		HR	
	Model 1		Model 2	
	Std.B	Std.E	Std.B	Std.E
Organisational Ambidexterity	0.701***	0.077	0.376***	0.098
Gender	0.115†	0.101	0.023	0.129
Age	-0.093	0.007	-0.029	0.009
Tenure	-0.043	0.007	-0.031	0.009
Education	-0.025	0.031	-0.106	0.040
Size	0.046	0.072	0.088	0.092
Regional & Inter-Municipal	0.070	0.174	-0.032	0.222
PPP	0.067	0.142	-0.156†	0.182
Utilities	0.032	0.137	-0.008	0.174
Other Industry	-0.149*	0.187	-0.101	0.238
Constant	0.988*	0.523	2.714	0.668
F-value	2.666***		2.258*	
Adj. R ²	.486		0.101	
VIF value, highest	1.195		1.195	

n=124

n=124

Note: *** $p < 0.001$; ** $p < 0.01$; * $p < 0.05$; † $p < 0.10$

4.5.2 Managerial Autonomy/Relationship and Organisational Ambidexterity

Hypothesis 2(a and b) predicted that MA and MR, both positively influence OA. To test this hypothesis the regression was used and presented below (Table 4.13). Since MR and MA are weakly correlated ($B = .179$, $p < 0.05$), they were used in one model. The overall model (3) is significant at $p < 0.01$. The result demonstrates that the independent and control variable predicts between 16.5% of the total variance in organisational ambidexterity. MR and MA were significant at p values of < 0.01 and 0.05 respectively while the size was significant at $p < 0.1$. It is therefore concluded that there is support for hypothesis 2 (a and b) though at a weak level.

Table 4. 13 Regression: MR/MA and OA (dependent variable)

Variables	Model 3	
	Std.B	Std.E
Managerial Relationship	0.241**	0.112
Managerial Autonomy	0.215*	0.100
Gender	-0.120	0.117
Age	0.078	0.008
Tenure	-0.002	0.008
Education	0.065	0.038
Size	0.153†	0.083
Regional & Inter-Municipal	0.069	0.201
PPP	0.144	0.165
Utilities	0.197*	0.156
Other Industry	0.187*	0.212
Constant	0.395	0.837
F-value	3.025**	
Adj. R ²	.165	
VIF value, highest	1.190	

n=124

Note: *** $p < 0.001$; ** $p < 0.01$; * $p < 0.05$; † $p < 0.10$

4.5.3 Mediating Effect of Organisational Ambidexterity

To establish whether there is evidence of the mediation of OA (mediator) between the MA/MR and SQ/HR Performance, a further test was conducted using the Hayes Process model (4) in SPSS (Hayes, 2018). Four models were generated with OA as the mediator in all the models while the control variables were inserted in the covariate column. There are four assumptions that ought to be satisfied to provide evidence of mediation (Baron & Kenny 1986). First, the independent variables (i.e. in the case of the process model, X) must correlate with the dependent variables or the outcome (Y). Second, X should correlate with the mediator (M) while M also affects the outcome (Y). It is also assumed that there is mediation when the independent variables' (X or MA/MR) effect on the dependent variable (X or SQ /HRP) becomes statistically insignificant when controlled for by the mediator (Baron & Kenny, 1986).

4.5.3.1 Managerial Autonomy and Service Quality mediated by Organisational Ambidexterity

The PROCESS macro mediation analysis in model 4-6 (**table 4.14**) was used to investigate that OA mediates the effect of MA on SQ. The results indicate that MA was a significant predictor of

4.5.3.2 Managerial Autonomy and Human Resource Performance mediated by Organisational Ambidexterity

The combined model (7-9) did not provide support for hypothesis 3b which posited that the influence of MA on HRP is mediated by OA. This is because the effect of MA on HRP with or without the OA (model 8 and 9) was insignificant. See *table 4.15* below.

Table 4. 15 Process Macro Mediation Analysis: MA and HR mediated by OA

Outcome variable Variables	7		8		9	
	X(MA) on M (OA)		MA on HRP with OA		MA on HRP without OA	
	OA		HR		Total Effect	
	Std.B	Std.E	Std.B	Std. E	Std.B	Std. E
Managerial Autonomy	0.315**	0.104	-0.054	0.114	0.081	0.118
Gender	-0.107	0.123	0.055	0.131	0.009	0.141
Age	0.005	0.009	-.0036	0.009	-0.002	0.140
Education	0.008	0.039	-0.542	0.041	-0.051	0.010
Tenure	0.002	0.009	-0.003	0.009	-0.051	0.043
Size	0.001	0.000	0.000	0.001	-0.002	0.001
Inter-Municipal	-0.287	0.156	0.208	0.168	0.006	0.177
Regional &Municipal	-0.124	0.235	0.090	0.250	0.374	0.268
PPP	.0002	0.201	-0.155	0.134	-0.155	0.229
Utilities	0.099	0.194	0.164	0.206	.2062	0.221
Other Industry	0.227	0.246	-0.099	0.262	-0.002	0.299
organisational ambidexterity			0.426***	0.100		
Constant	2.119**	0.741	2.872***	0.815	3.773***	0.844
F-value	2.065*		2.061*		.531	
Adj. R ²	.169		.379		.050	

TOTAL AND INDIRECT EFFECT OF X (MA) ON Y (HR)

	Effect		
Total Effect of X (MA) on Y (HRP)	.0805		
		BootLLCI	BootULCI
Indirect effect	.1342	.0162	.2734
Mediation Effect	16.67%		
	n=126	n=126	n=126

Note: *** p < 0.001; ** p < 0.01; * p < 0.05; † p < 0.10

4.5.3.3 Managerial Relationship and Service Quality mediated by Organisational Ambidexterity

In **table 4.16** below, the models (10-12) validated hypothesis 3c in that all the assumptions for mediations were met. The three models were statistically significant at p values < 0.05 and 0.001 and explains between 16.5% and 54.3% in the variance in SQ. First, MR significantly influences OA (B = .345, p < 0.01) and SQ (B = .392, p <0.01). MR could not predict SQ when it was controlled for by OA however, OA was significant at p < 0.001 (B = .736). The bootstrap lower and upper limits are different from zero (0.027 - .552) along with an indirect effect of MR on SQ to be .254 signalling evidence of full mediation. Mediation is strong at 64.95%

Table 4. 16 Process Macro Mediation Analysis – MR and SQ Mediated by OA

	10		11		12	
	X(MR) on M (OA)		MR on SQ with OA		MR on SQ without OA	
Outcome variable	OA		SQ		Total Effect	
Variables	Std.B	Std.E	Std.B	Std.E	Std.B	Std.E
Managerial Relationship	.345**	0.117	0.138	0.099	.392**	0.128
Gender	-0.164	0.125	0.138	0.103	0.017	0.137
Age	0.004	0.009	-0.009	0.007	-0.007	0.010
Education	0.194	0.039	-0.002	0.032	0.013	0.043
Tenure	-0.003	0.009	-0.005	0.007	-0.005	0.009
Size	0.000	0.000	0.000	0.000	0.001	0.001
Inter-Municipal	-0.235	0.157	-0.097	0.130	-0.270	0.173
Region & Municipal	-0.077	0.236	0.106	0.194	0.049	0.259
PPP	-.016	0.201	0.028	0.165	0.061	0.221
Utilities	0.095	0.194	0.002	0.160	0.072	0.214
Other Industry	0.188	0.246	0.202	0.202	-0.333	0.270
Organisational ambidexterity			0.7363***	0.009		
Constant	2.060**	0.766	0.640	0.648	2.157*	0.842
F-value	2.012*		11.006***		2.111*	
Adj. R ²	.165		.5433		.172	
TOTAL AND INDIRECT EFFECT OF X (MR) ON Y (SQ)						
		Effect				
Total Effect of X (MR) on Y (SQ)		.391**				
Indirect effect		0.2538	BootLLCI	BootULCI		
Mediation Effect		64.9%	.0272	.5522		
	n=126		n=126		n=126	

Note: *** p < 0.001; ** p < 0.01; * p < 0.05; † p < 0.10

4.5.3.4 Managerial Relationship and HR Performance mediated by Organisational Ambidexterity

The result from table 4.16 demonstrates a partial mediation between the variables (MR, OA and HRP) as the OA does not significantly change the interactions between the variables. According to the result, MR’s direct influence on HRP changed only slightly (from B=.707, p<0.001 to B=.609, p <0.001) with the introduction of OA. Adjusted R² which explains the percentage of variance HRP caused by the independent, mediator and control variables plummeted marginally from 34.7% in model 14 (with OA as control) to 28.8% in model 15 (total effect model). The indirect effect of MR on HPR was .098 compared with a direct effect of .0.707 at p < 0.001. The low direct effect of the mediation at 13.9% suggests a partial mediation.

Table 4. 17 Process Macro Mediation Analysis – MR and HRP mediated by OA						
Outcome variable	13		14		15	
	X(MR) on M (OA)		MR on HRP with OA		MR on HRP without OA	
	OA		HR		Total Effect	
Variables	Std.B	Std.E	Std.B	Std. E	Std.B	Std. E
Managerial Relationship	.345**	0.117	.609***	0.115	0.707***	0.115
Gender	-0.164	0.125	-0.052	0.119	-0.099	0.123
Age	0.004	0.009	-0.003	0.008	-0.002	0.009
Education	0.194	0.039	0.002	0.037	0.007	0.039
Tenure	-0.003	0.009	-0.004	0.008	-0.005	0.008
Size	0.000	0.000	0.000	0.000	0.000	0.000
Inter-Municipal	-0.235	0.157	0.260	0.150	0.193	0.155
Region & Municipal	-0.077	0.236	0.116	0.231	0.095	0.232
PPP	-.016	0.201	-0.061	0.190	-0.066	0.198
Utilities	0.095	0.194	0.232	0.184	0.259	0.191
Other Industry	0.188	0.246	-0.072	0.233	-0.019	0.232
organisational ambidexterity			0.284*	0.184		
Constant	2.060**	0.766	0.278	0.748	0.865	0.754
F-value	2.012*		4.917***		4.110***	
Adj. R ²	.165		.347		.288	

TOTAL AND INDIRECT EFFECT OF X (MR) ON Y (HR)

	Effect	BootLLCI	BootULCI
Total Effect of X (MR) on Y (HR)	0.707***		
Indirect effect	.098	-0.009	.319
Mediation Effect	13.86%		
	n=126	n=126	n=126

Note: *** p < 0.001; ** p < 0.01; * p < 0.05; † p < 0.10

Based on the results from the PROCESS macro version 3 above, three outcomes can be concluded in relations to hypothesis 3; first, MR and MA influence SQ and the effects are mediated by OA. Second, MR impacts on HRP and the impact is partially mediated by OA and third, there is no confirmation of the influence of MA on HRP hence no mediation by OA on MA and HRP. By these results, it established that only partial support for hypothesis 3 is determined by this study.

Below is a summary of the results:

Hypothesis	Results
H1a Organisational ambidexterity influences Service Quality	Supported
H1b Organisational ambidexterity influences HR Performance	Supported
H2a Managerial Autonomy influences Organisational Ambidexterity	Supported
H2b Managerial Relationship influences Organisational Ambidexterity	Supported
H3a Ambidexterity mediates the relationship between autonomy and Service Quality	Supported
H3b Ambidexterity mediates the relationship between autonomy and HR Performance	No support
H3c Ambidexterity mediates the relationship between managerial relationship and Service Quality	Supported
H3d Ambidexterity mediates the relationship between managerial autonomy and HR Performance	Partial support
Does size influence ambidexterity?	Yes
Does industry influence ambidexterity?	Yes

5.0 DISCUSSION

The study aimed to explore how managerial autonomy and managerial relationship influence the performance of MOCs, mediated by organisational ambidexterity. The performance was conceptualized to be SQ and HR Performance. It was also hypothesized that OA will mediate the relationship between MA/MR and performance. Overall, this study found partial support for the mediation for the third hypothesis. The consequence of MR/MA on SQ was fully mediated by OA nonetheless, the study did not realize a full mediation for with MR/MA, OA and HRP. According to the results, MA does not influence HRP and so mediation cannot take place. OA is shown to provide the strongest positive mediation effect between SQ and MR.

In respect to SQ delivery, this study argued that once leaders develop a higher-quality relationship with their employees, the latter would tend to demonstrate creativity and explorations activities (Bezuijen, et. al, 2010; Wang, 2016) to create an ambidextrous organisation (Tempelaar, et., al. 2010). This can be understood that the relationship between leaders and subordinate is essential for high-quality service delivery. When CEOs of MOCs regularly engage employees and show concern for their professional development, employees can freely express ambidextrous behaviours that will eventually make the firm ambidextrous. It is envisaged that employees who contribute to an ambidextrous organisation will have a high level of attachment and commitment to the organisation (Mickers, 2011). Their commitment will reflect in the explorative and exploration drive of the MOC to influence product/service development to enhance its quality to customers (Peng, et., al., 2019).

MR is noted to be key for attaining high HR performance, evidenced by the strong relationship with HR Performance from the result of this study. The results indicate that CEOs in MOCs prioritise the advancement of their employees contrary to claims by Chambers, et al., (1998) and Kalinina and Valebnikova, (2018) who suggest that public sector organisations are not interested in the professional development of their employees. It is not strange to witness the high correlation between MR and HRP. These practices will make the MOC attractive to professionals and subsequently lead to high talent retention rate. Unfortunately, there is no evidence to single out an industry that champions high-quality relationship with employees because industry id does not have significant relationships with MR. Despite the variations in the use of the Upper Echelon and Leader-Member Exchange theories, the underlying tenets have been corroborated by the results of

this study with the influence of MR on MOC performance. This means that the importance of high-quality relationship cannot be overemphasized based on this study.

The freedom of managers to take decisions and actions creates OA (Tushman and O'Reilly 1996; Smith and Umans, 2015). The empirical findings imply that there is support for these arguments as MR and MA were found to impact on OA. Nevertheless, the influence on OA was weak contrary to expectations. The results on MA may not be out of the ordinary since other studies (such as Smith and Umans, 2015) have shown similar results and concluded that effect may be different in other public organisational settings. Finding on MR also confirms the assertion that CEOs with a collaborative approach to leadership tend to have positive bearings on the MOCs level of ambidexterity.

The other aspect of the study which deals with how MA influence organisational performance through the mediating effect of ambidexterity witnessed mixed outcomes. First, it was established that MA is important for MOC's ambidextrous behaviour which would position it to deliver quality service. Essentially, OA significantly mediates the relationship between the MA and SQ, but no support was found for HR Performance like in the case of MR. In effect, organisational performance can be linked with the autonomy of CEOs in MOCs however, OA does not mediate the MA and HR Performance relationship. The MA supporting OA was found to be weak. These findings are not as strange as research in this area have provided mixed results because of differences in context, definitions of autonomy, etc (Verhoest, et., al. 2004). For instance, Voorn et al. (2020) did not find evidence of the impact of managerial autonomy on performance in the context of Dutch MOCs.

In the descriptive statistics (table 4.8), CEOs reported having high levels of autonomy in relation to employment policies and investment decisions. Krause & Thiel's (2019) affirms this position and stressed the considerable autonomy they have for activities such as Research and Development (R&D), sales, and production. It is rather interesting that this present study found MA to be a weak predictor of OA in the face of the liberty to engage in exploration activities like R&D. Perhaps, MOCs are frequently underfunded (Voorn, et al., 2020) to be ambidextrous; that is if the situation of Dutch MOCs is true for Swedish MOC. It is worthy to note that the financial constraints of MOCs were not within the scope of this thesis. It can be inferred that the unique attributes of MOCs could be the cause. Swedish MOCs are such that the municipalities are owners

and they appoint the board who subsequently appoint the CEO (Thomasson, 2020). By this nature, even though CEOs have the autonomy, it may be difficult for them to fully combine exploitative and explorative initiatives because of the political underpinnings. The majority of the MOCs are found in industries that have little or no competition (for example, real estate, energy, transportation, water, and sanitation) hence autonomy may not necessarily drive them to be ambidextrous because of the absence of competition. Competition makes companies entrepreneurial and innovative (Ruzzier, 2018) leading to ambidexterity. In some situations, lower income arising from regulated price controls by regulators may hinder the incentive to deliver quality service (Sappington, 2005). While it was envisaged that autonomy will prompt higher human resource to perform, the opposite was found. The total effect of MA on HRP was insignificant. Again, the literature on the effect of autonomy on public sector organisations' performance is uncertain (Verhoest et al., 2004). This is because of the varied dimension of performance and results have varied significantly (ibid).

It is expected that the size of an organisation will strongly propel organisations to be ambidextrous leading to higher performance because the large firm can easily get access to resources for such activities (Cao et al., 2009). Other scholars have similarly highlighted the important role of size in achieving organisational outcomes. Notwithstanding, Wynen et al., (2014) suggested that large organisations may have difficulty in achieving ambidexterity because of the higher number of communication channels and formalisation process. Surprisingly, it appears that case is different from Swedish MOCs. While the impact of MOC size on ambidexterity was low, it neither contributes to SQ nor HR performance. At least in terms of the number of employees in Swedish MOCs, size does not matter when it comes to the quality of service delivery and HR performance.

6.0 CONCLUSION

In this final chapter, the key conclusion of the thesis will be presented. Next is the theoretical and practical contributions. The chapter is concluded with the limitation of the study and suggestions for future research.

6.1 Concluding Remarks

The study has investigated how managerial autonomy and relationship influence MOCs' performance. The quantitative study was drawn from 128 CEOs of MOCs in sectors across the 21 counties in Sweden. From the backdrop of the different studies on MOCs performance using different performance measures and the resulting inconclusive findings, this study presents some interesting findings. In all three hypotheses were tested were two hypotheses (h1 and h2) were support and one (h3), partially confirmed.

Following prior studies, organisational ambidexterity is found to be instrumental for MOCs' quest to rendering high service quality and obtaining a high HR performance. It is assumed that by pursuing ambidexterity, MOCs effectively maintain a balance between exploration (R&D, adopt technology, innovation) and exploitation (efficiency, effective, cost control) to deliver services to the satisfaction of customers. Again, employees in an ambidextrous MOC are likely to enjoy the dynamism that comes with innovation. The result is that the MOC will be attractive to professionals and make the MOC an employer of choice. In this case, H 1 (a and b) were supported.

Further, like previous studies, CEOs of MOCs are observed to have high managerial autonomy and they exercise it to some extent. Exercising managerial autonomy leads to organisational ambidexterity. Like autonomy, managerial relationship proofs to enhance organisational ambidexterity thus providing support for H2 (a and b). The managerial relationship tends to be a relatively stronger predictor of ambidexterity compared with autonomy.

The mediating analysis showed that managerial relationship and autonomy's impact on Service quality is fully mediated by organisational ambidexterity. Managerial relationship remains significantly strong when controlled with OA although its predictive power reduces compared with its total effect. Therefore, only partial support was found for H3c. Finally, H3d was not supported due to MA not predicting HRP directly.

6.2 Implications

6.2.1 Theoretical Implications

This study has several theoretical contributions. First, by examining how the relationship between drivers of performance with a managerial focus and performance in MOCs is mediated by organisational ambidexterity, this study broadens knowledge on mediating techniques using organisational ambidexterity. Moreover, the study established the relationship between managerial relationship/autonomy and new two less studied concepts in public sector organisations especially in terms of performance measurement (i.e. service quality and HR performance). Considering how several studies reviewed in this paper agreed on the difficulty in measuring performance in MOCs and the public sector in general (Voorn et al., 202; Mihau 2014; Voorn et al., 2017), the study presents different ways of measuring performance in service quality and HR performance.

The relevance of managerial relationship in making MOCs employers of choice and high-quality service providers is tested by this study. This adds to the Leader-Member Exchange Theory (Graen and Uhl-Bien, 1995) and to an extent, the upper echelon theory (Hambrick and Mason, 1984). The study also contributes to the discussion on the managerial relationship and autonomy leading MOCs to be ambidextrous. These two concepts have not been used in previous studies to the best of our knowledge. While ambidexterity was used as a mediator, several studies investigating ambidexterity have used it as a dependent variable (e.g. Smith and Umans, 2015). This present study highlights ambidexterity as an important mediator between the managerial relationship/autonomy and service quality.

6.2.2 Practical Implications

Top managers' relationship with employees is seen to be central in the pursuit of organisational goals. The findings of this study provide invaluable insight into building a mutually-beneficiary relationship if MOCs in Sweden want to satisfy their stakeholders including customers. Since Swedish municipal corporations serve the public interest, they need talented employees who are committed and can go the extra mile to serve the public. This can be achieved when Swedish MOCs are attractive to young professionals compared with private entities. Managerial relationship is found to be a panacea in this regard. Recognising the importance of managerial

autonomy, politicians, policy makers and key stakeholders should empower management of Swedish MOCs to exercise their autonomy in all aspects. This is because, autonomy begets ambidexterity for delivering quality service at a lower cost to satisfy citizens who are the users of the service. By advancing high quality managerial relationships and autonomy, Swedish MOCs place the two most important stakeholders (citizens/customers and employees) at the centre of service delivery. This will make Swedish MOCs more socially responsible.

6.3 Limitation

The study was not without limitations. One major limitation was the language barrier. As international students who settled on a study on Swedish MOCs, that meant to get the best possible response rate our study had to be in the Swedish language. This caused a limitation as it required translation of the questionnaire to Swedish and back to English to allow before coding in SPSS. Not only was it time-consuming but chances are that some of the meanings in the questionnaire could have been lost in translation.

Also, this study could have benefitted from the use of a qualitative research method (interviews) as well to further understand the study and allow for triangulation. A phenomenon Denscombe (2009) believes enhances the validity of the results. However, given the period for the course and practical reasons, interviews were not considered. On the topic of methodology, the purposive sampling method employed meant that some MOCs and municipalities that could have been essential to the study were ignored. Bryman and Bell (2011) argued that this method of sampling may be subject to errors of judgement from the researchers and despite the pool being broad, it may still not be representative. Additionally, as part of the operationalisation and analysis, the size variable was computed as a continuous variable instead of as a categorical variable which may account for some errors of estimation in the regression model.

One other major limitation of the study was the fact that only the CEO's perspective was taken and not the whole TMT, or in terms of the managerial relationships, no views from subordinates are collected. Same goes with the quality of service, as users of products and services do not take part in the study.

6.4 Future Research Agenda

Future research could use other performance measures besides service quality and HR performance. Specifically, more dynamic, long-term, and objective measures of performance. Voorn et al., (2020) suggested these measures of performance would be beneficial to current research as this study highlighted how difficult performance measurement in MOCs and the public sector can be difficult (Bao et al., 2012; Van Genugten et al., 2020; Voorn et al., 2017; Mihaiu, 2014). Also, on performance, future research could look at this study from employee and consumer point of views of HR performance and service quality respectively.

In Sweden, according to Van Genugten et al., (2020) 93% of the MOCs are based on private law. Cross country research could be conducted based on the different legislations to identify how different drivers may affect the performance of MOCs. This could contribute a lot to the literature on the subject.

Further research may also be conducted using a different mediator besides organisational ambidexterity such as employee commitment. The research was conducted using a quantitative method and online questionnaires for the data collection. The purposive sampling was used for the selection of the sample which may not be representative of the population thus future research may consider a more systematic sampling method, a probability sampling method if possible, to allow for more generalisable information. Also, given a longer period for the course, interviews could have been conducted instead of questionnaires, or a combination of both. This could increase the validity and enhance the analysis of the study for deeper and more concrete conclusions.

References

- Albertini, E. (2018). The Contribution of Management Control Systems to Environmental Capabilities. *Journal of Business Ethics*
- Alpan, L., Şanal, M., & Ayden Y. (2012). Market orientation, ambidexterity, and performance outcomes. *Procedia-Social and Behavioral Sciences*, 41, 461-468.
- Andersen, J. A. (2017). The concept of managerial discretion in corporate governance—better off without it? *Corporate Governance: The international journal of business in society*.
- Argento, D., Grossi, G., Tagesson, T., & Collin, S. O. (2010). The " externalisation" of local public service delivery: experience in Italy and Sweden. *International journal of public policy*, 5(1), 41-56.
- Asaduzzaman, M., & Virtanen, P. (2016). Governance Theories and Models. doi:10.1007/978-3-319-31816-5_2612-1
- Axén, L., Tagesson, T., Shcherbinin, D., Custovic, A., & Ojdanic, A. (2019). Does municipal ownership affect audit fees? *Journal of Management and Governance*, 23(3), 693-713.
- Bach, S., & Kolins Givan, R. (2011). Varieties of new public management? The reform of public service employment relations in the UK and USA. *The International Journal of Human Resource Management*, 22(11), 2349-2366
- Balaguer-Coll, M. T., Prior, D., & Tortosa-Ausina, E. (2007). On the determinants of local government performance: A two-stage nonparametric approach. *European Economic Review*, 51(2), 425-451.
- Bao, G., Wang, X., Larsen, G. L., & Morgan, D. F. (2012). Beyond New Public Governance: A Value-Based Global Framework for Performance Management, Governance, and Leadership. *Administration & Society*, 45(4), pp. 443-437. doi:10.1177/0095399712464952
- Benito, B., Bastida, F., & García, J. A. (2010). Explaining differences in efficiency: an application to Spanish municipalities. *Applied Economics*, 42(4), 515-528.
- Bergh, A., Erlingsson, G., Gustafsson, A., & Wittberg, E. (2019). Municipally Owned Enterprises as Danger Zones for Corruption? How Politicians Having Feet in Two Camps May Undermine Conditions for Accountability. *Public Integrity*, 21(3), pp. 320-352.
- Bezes, P., & Jeannot, G. (2018). Autonomy and managerial reforms in Europe: Let or make public managers manage? *Public administration*, 96(1), 3-22.

- Bezuijen, X. M., van Dam, K., van den Berg, P. T., & Thierry, H. (2010). How leaders stimulate employee learning: A leader-member exchange approach. *Journal of Occupational and Organizational Psychology*, 83(3), 673-693.
- Boyne, G. A., James, O., John, P., & Petrovsky, N. (2011). Top management turnover and organizational performance: A test of a contingency model. *Public Administration Review*, 71(4), 572-581.
- Briggs, S. R., & Cheek, J. M. (1986). The role of factor analysis in the development and evaluation of personality scales. *Journal of personality*, 54(1), 106-148.
- Bryman, A., & Bell, E. (2011). *Business Research Methods* (Third edition 2011 ed.). Oxford: Oxford University Press Inc.
- Bryman, A., & Bell, E. (2015). *Business Research Methods* (Vol. fourth). *Glasgow: Bell & Bain Ltd.*
- Campbell, J. T., Campbell, T. C., Sirmon, D. G., Bierman, L., & Tuggle, C. S. (2012). Shareholder influence over director nomination via proxy access: Implications for agency conflict and stakeholder value. *Strategic Management Journal*, 33(12), 1431-1451.
- Cao, Q., Gedajlovic, E., & Zhang, H. (2009). Unpacking organizational ambidexterity: Dimensions, contingencies, and synergistic effects. *Organization Science*, 20(4), 781-796.
- Cassady, C. B., Eriksson, K., Levitt, R. E., & Scott, R. (2020). (Re)defining public-private partnerships (PPPs) in the new public governance (NPG) paradigm: an institutional maturity perspective. *Public Management Review*, 22(2), pp. 161-183. doi:10.1080/14719037.2019.1577909
- Chambers, E. G., Foulon, M., Handfield-Jones, H., Hankin, S. M., & Michaels, E. G. (1998). The war for talent. *McKinsey Quarterly*, 44-57.
- Child, J. (1972) Organization Structure, Environment, and Performance: The Role of Strategic Choice. *Sociology*, 6 pp1-22.
- Christensen, T., & Lægreid, P. (2011). Complexity and hybrid public administration—theoretical and empirical challenges. *Public organization review*, 11(4), 407-423.
- Collin, S. O. Y., & Smith, E. (2008). Democracy and private property: Governance of a three-party Public-Private partnership. *Public Organization Review*, 8(1), 53-68.

- Crossland, C., & Hambrick, D. C. (2011). Differences in managerial discretion across countries: how nation-level institutions affect the degree to which CEOs matter. *Strategic Management Journal*, 32(8), 797-819
- De Kruijf, J. A., & van Thiel, S. (2018). Political Control of Arm's-Length Agencies: One Standard Does Not Fit All. *International Public Management Journal*, 21(3), 461-476.
- Denscombe, M. (2009). *Forskningshandboken*. Lund: Studentlitteratur AB.
- Dillman, D. (2007). *Mail and Internet Surveys: The Tailor Design Method* (2nd ed.). Hoboken: NJ:: Wiley.
- DiMaggio, P., & Powell, W. (1983). The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields. *American Sociological Review*, Vol. 48, (2), 147-160.
- Donaldson, G., & Lorsch, J. W. (1983). Decision making at the top: The shaping of strategic direction.
- Dull, M. (2009). Results-model reform leadership: Questions of credible commitment. *Journal of public administration research and theory*, 19(2), 255-284.
- Finkelstein, S., & Hambrick, D. C. (1990). Top-management-team tenure and organizational outcomes: The moderating role of managerial discretion. *Administrative science quarterly*, 484-503.
- Finkelstein, S., & Peteraf, M. A. (2007). Managerial activities: A missing link in managerial discretion theory. *Strategic Organization*, 5(3), 237-248.
- Friedman, J. (Ed.). (1996). *The rational choice controversy: Economic models of politics reconsidered* (No. 1-2). Yale University Press.
- Gargani, A., & Villani, M. (2013). When Municipality is Partner in Business: A Mapping of Italian Experience. *Public Organization Review*, 13(2), 167-174.
- Garrone, P., Grilli, L., & Rousseau, X. (2013). Management discretion and political interference in municipal enterprises. Evidence from Italian utilities. *Local government studies*, 39(4), 514-540.
- Government Finance Officers Association. (2007). *Performance Management: Using Performance Measurement for Decision Making*.

- Graen, G. B., & Uhl-Bien, M. (1995). Relationship-based approach to leadership: Development of leader-member exchange (LMX) theory of leadership over 25 years: Applying a multi-level multi-domain perspective, *leadership quarterly*, 6 (2), 219-247.
- Gronroos, C. (1982). Strategic management and marketing in service sector. Cambridge: Marketing Science Institute.
- Grossi, G., Papenfuß, U., & Tremblay, M. S. (2015). Corporate governance and accountability of state-owned enterprises. *International Journal of Public Sector Management*, 28 (4/5), 274-285.
- Gyrd-Jones, R. I., & Kornum, N. (2013). Managing the co-created brand: Value and cultural complementarity in online and offline multi-stakeholder ecosystems. *Journal of Business Research*, 66(9), 1484-1493.
- Haigh, N., & Hoffman, A. J. (2011). Hybrid organizations: the next chapter in sustainable business. *Organizational Dynamics*, 41(2), 126-134.
- Hambrick, D. C., & Finkelstein, S. (1987). Managerial discretion: A bridge between polar views of organizational outcomes. *Research in organizational behaviour*.
- Hambrick, D. C., & Mason, P. A. (1984). Upper echelons: The organization as a reflection of its top managers. *Academy of management review*, 9(2), 193-206.
- Handler, H., Koebel, B., & Reiss, P. (2004). Schratzenstaller, M. (2005): "The size and performance of public sector activities in Europe". *Paper draws on a background study prepared for the European Commission's Competitiveness Report*.
- Hannan, M. T., & Freeman, J. (1977). The population ecology of organizations. *American journal of sociology*, 82(5), 929-964.
- Hayes, A. F. (2018). Partial, conditional, and moderated mediation: Quantification, inference, and interpretation. *Communication Monographs*, 85(1), 4-40.
- He, Z. L., & Wong, P. K. (2004). Exploration vs. exploitation: An empirical test of the ambidexterity hypothesis. *Organization Science*, 15(4), 481-494.
- Hiltrop, J. M. (1999). The quest for the best: human resource practices to attract and retain talent. *European Management Journal*, 17(4), 422-430.
- Jensen, M. C., & Meckling, W. (1976). H. (1976). Theory of the firm: managerial behaviour, agency costs and ownership structure. *Journal of Finance Economics*, 3.

- Johansson, D. (1997). *The number and the size distribution of firms in Sweden and other European countries* (No. 483). IUI Working Paper.
- Kant, R., & Jaiswal, D. (2017). The impact of perceived service quality dimensions on customer satisfaction: An empirical study on public sector banks in India. *International Journal of Bank Marketing*, pp. 411-430.
- Kakouris, A. P., & Meliou, E. (2011). New Public Management: Promote the Public Sector Modernization Through Service Quality. Current Experiences and Future Challenges. *Public Organisation Review*, 2011(11), pp. 351-369. doi:10.1007/s11115-010-0134-3
- Kalinina, O., & Valebnikova, O. (2017). Human Capital Management as Innovation Technologies for Municipal Organization. In *Energy Management of Municipal Transportation Facilities and Transport* (pp. 1315-1322). Springer, Cham.
- Karlsson, D., & Montin, S. (2012). Solving municipal paradoxes: challenges for Swedish local democracy. *Panorama: Insights into Asian and European Affairs*, 2, 125-136.
- Kelman, S. (2005). *Unleashing change: A study of organizational renewal in government*. Brookings Institution Press.
- Krause, T., & Van Thiel, S. (2019). Perceived managerial autonomy in municipally owned corporations: disentangling the impact of output control, process control, and policy-profession conflict. *Public management review*, 21(2), 187-211.
- Krause, T., & Van Thiel, S. (2019). Perceived managerial autonomy in municipally owned corporations: disentangling the impact of output control, process control, and policy-profession conflict. *Public management review*, 21(2), 187-211.
- Ladner, A., Keuffer, N., & Baldersheim, H. (2016). Measuring local autonomy in 39 countries (1990–2014). *Regional & Federal Studies*, 26(3), 321-357.
- Larkin Jr, P. J. (2016). Public Choice Theory and Occupational Licensing. *Harv. JL & Pub. Pol'y*, 39, 209.
- Laegreid, P. and Verhoest, K. eds. (2010) *Governance of Public Sector Organizations*, Basingstoke: Palgrave Macmillan.
- Levinthal, D. A., & March, J. G. (1993). The myopia of learning. *Strategic management journal*, 14(S2), 95-112.
- Lippi, A., Gianelli, N., Profeti, S., & Citroni, G. (2008). Adapting Public-Private Governance to the Local Context: The case of water and sanitation services in Italy. *Public Management Review*, 10(5), pp. 619-640. doi:10.1080/14719030802264309

- Lubatkin, M. H., Simsek, Z., Ling, Y., & Veiga, J. F. (2006). Ambidexterity and performance in small-to-medium-sized firms: The pivotal role of top management team behavioural integration. *Journal of Management*, 32(5), 646-672.
- March, J. G. (1991). Exploration and exploitation in organizational learning. *Organization science*, 2(1), 71-87.
- Maurya, K. K., & Agarwal, M. (2018). Organisational talent management and perceived employer branding. *International Journal of Organizational Analysis*.
- Mihaiu, D. (2014). Measuring Performance in the Public Sector: Between Necessity and Difficulty. *Studies in Business and Economics*, pp. 40-50.
- Mickers, A. A. F. (2011). Leading organizational change in ambidextrous environments: Insight in the use of contextual ambidexterity in SMEs to increase commitment to change. Department Organization & Strategy –Strategic Management, Tilburg University.
- Nelson, H. W., & Nikolakis, W. (2012). How Does Corporatization Improve the Performance of Government Agencies? Lessons from the Restructuring of State-Owned Forest Agencies in Australia. *International Public Management Journal*, 15(3), pp. 364-391. doi:10.1080/10967494.2012.725323
- OECD (2018), Ownership and Governance of State-Owned Enterprises: A Compendium of National Practices
- Oliveira, C. B. D., & Fontes Filho, J. R. (2017). Agency problems in the public sector: The role of mediators between the central administration of city hall and executive bodies.
- Orazi, D. C., Turrini, A., & Valotti, G. (2013). Public sector leadership: new perspectives for research and practice. *International Review of Administrative Sciences*, 79(3), 486-504.
- O'Reilly 3rd, C. A., & Tushman, M. L. (2004). The ambidextrous organization. *Harvard business review*, 82(4), 74.
- O'Reilly III, C. A., & Tushman, M. L. (2013). Organizational ambidexterity: Past, present, and future. *Academy of Management Perspectives*, 27(4), 324-338.
- Pallant, J. S. P. S. S. (2016). Survival manual: A step by step guide to data analysis using SPSS program.
- Parikh, M., & Bhatnagar, D. (2018). A system of contradictory goals and realization of ambidexterity: a case study of a municipal corporation. *International Journal of Public Administration*, 41(2), 95-109.

- Peng, M. Y. P., Lin, K. H., Peng, D. L., & Chen, P. (2019). Linking organizational ambidexterity and performance: The drivers of sustainability in high-tech firms. *Sustainability*, *11*(14), 3931.
- Postuła, I., & Wasowska, A. (2018). Managerial discretion, firm performance, and CEOs' support for the privatisation of state-owned companies. *JEEMS Journal of East European Management Studies*, *23*(1), 106-127.
- Pérez-López, G., Prior, D., & Zafra-Gómez, J. L. (2015). Rethinking new public management delivery forms and efficiency: Long-term effects in Spanish local government. *Journal of Public Administration Research and Theory*, *25*(4), 1157-1183.
- Perry, J. L., & Rainey, H. G. (1988). The public-private distinction in organization theory: A critique and research strategy. *Academy of management review*, *13*(2), 182-201.
- Plimmer, G., Bryson, J., & Teo, S. T. (2017). Opening the black box The mediating roles of organisational systems and ambidexterity in the HRM-performance link in public sector organisations. *Personnel Review*, *46*(7), pp. 1434-1451. doi:10.1108/PR-10-2016-0275
- Pollitt, C., & Bouckaert, G. (2011). *Continuity and change in public policy and management*. Edward Elgar Publishing.
- Quigley, T. J., & Hambrick, D. C. (2015). Has the “CEO effect” increased in recent decades? A new explanation for the great rise in America's attention to corporate leaders. *Strategic Management Journal*, *36*(6), 821-830.
- Raisch, S., Birkinshaw, J., Probst, G., & Tushman, M. L. (2009). Organizational ambidexterity: Balancing exploitation and exploration for sustained performance. *Organization Science*, *20*(4), 685-695.
- Ritz, A., Shantz, A., Alfes, K., & Arshoff, A. S. (2012). Who needs leaders the most? The interactive effect of leadership and core self-evaluations on the commitment to change in the public sector. *International Public Management Journal*, *15*(2), 160-185.
- Ruzzier, C. A. (2018). Competition and managerial autonomy. *Managerial and Decision Economics*, *39*(6), 733-747.
- Sanders, W. G. (2001). Incentive alignment, CEO pay level, and firm performance: A case of “Heads I win, tails you lose”? *Human Resource Management: Published in Cooperation with the School of Business Administration, The University of Michigan and in alliance with the Society of Human Resources Management*, *40*(2), 159-170.

- Saleem, F. Z., & Iglesias, O. (2016). Mapping the domain of the fragmented field of internal branding. *Journal of Product & Brand Management*.
- Saunders, M., Lewis, P., & Thornhill, A. (2009). *Research methods for business students*. Essex. *Financial Times/Prentice Hall*, 1-2.
- Saunders, M., Lewis, P., & Thornhill, A. (2016). *Research methods for business students (Seventh)*. *Nueva York: Pearson Education*.
- Seung-Kyu, R., & June-Young, R. (2009). Public service quality and customer satisfaction: exploring the attributes of service quality in the public sector. *The Service Industries Journal*, 29(11), pp. 1941-1512.
- Simons, R. (1994). *Levers of control: How managers use innovative control systems to drive strategic renewal*. Harvard Business Press.
- Smith, E., & Umans, T. (2015). Organizational Ambidexterity at the Local Government Level: The effects of managerial focus. *Public Management Review*, 17(6), 812-833.
- Stariņeca, O. (2015). Employer brand role in HR recruitment and selection. *Economics and Business*, 27(1), 58-63.
- Storto, C. I. (2016). The trade-off between cost efficiency and public service quality: A non-parametric frontier analysis of Italian major municipalities. *Cities*, 51(2016), pp. 52-63.
- Smith, W. K., & Tushman, M. L. (2005). Managing strategic contradictions: A top management model for managing innovation streams. *Organization Science*, 16(5), 522-536.
- Stariņeca, O., & Voronchuk, I. (2014). Employer branding training development for public organisations. *Regional Formation and Development Studies*, 14(3), 207-219.
- Tabachnick, B. G., & Fidell, L. S. (2013). *Using multivariate statistics: International edition*. *Pearson2012*.
- Tempelaar, M. P., Jansen, J. J. P., Van den Bosch, F. A. J., & Volberda, H. W. (2010). Ambidexterity in Self-Managing Teams: A Multilevel Analysis of Team and Individual Characteristics. *Unpublished manuscript*.
- Thomasson, A. (2020). The Swedish corporate model. In *Handbook on Hybrid Organisations*. Edward Elgar Publishing

- Ting, I. W. K., Azizan, N. A. B., & Kweh, Q. L. (2015). Upper echelon theory revisited: The relationship between CEO personal characteristics and financial leverage decision. *Procedia-Social and Behavioural Sciences*, 195(3), 686-694.
- Thomasson, A. (2020). The Swedish corporate model. In *Handbook on Hybrid Organisations*. Edward Elgar Publishing.
- Tushman, M. L., & O'Reilly III, C. A. (1996). Ambidextrous organizations: Managing evolutionary and revolutionary change. *California management review*, 38(4), 8-29.
- Umans, T. (2012). The Bottom Line of Cultural Diversity at the Top: The Top Management Team's Cultural Diversity and its influence on Organisational Outcomes. *Lund Studies in Economics and Management*, 125, pp. 1-284.
- Ursachi, G., Horodnic, I. A., & Zait, A. (2015). How reliable are measurement scales? External factors with indirect influence on reliability estimators. *Procedia Economics and Finance*, 20(15), 679-686.
- Vagliasindi, M. (2008). Governance arrangements for state-owned enterprises. The World Bank.
- Van Genugten, M., Van Theil, S., & Voorn, B. (2020). Local governments and their arm's length body. *Local Government Studies*, 46(1), pp. 1-21. doi:10.1080/03003930.2019.1667774
- Verhoest, K., Peters, B. G., Bouckaert, G., & Verschuere, B. (2004). The study of organisational autonomy: a conceptual review. *Public Administration and Development: The International Journal of Management Research and Practice*, 24(2), 101-118.
- Verhoest, K., Verschuere, B., Meyers, F., & Sulle, A. (2010). Performance of public sector organizations: Do managerial tools matter? In the *Governance of public sector organizations*, 211-232. Palgrave Macmillan, London.
- Verhoest, K., & Wynen, J. (2018). Why Do Autonomous Public Agencies Use Performance Management Techniques? Revisiting the Role of Basic Organizational Characteristics. *International Public Management Journal*, 21(4), 619-649.
- Vining, A. R. (2011). Public agency external analysis using a modified "five forces" framework. *International Public Management Journal*, 14(1), 63-105.
- Voorn, B., van Genugten, M. L., & van Theil, S. (2017). The efficiency and effectiveness of municipally owned corporations: a systematic review. *Local Government Studies*, 43(5), pp. 820-841. doi:10.1080/03003930.2017.1319360

- Voorn, B., Van Genugten, M. L., & Van Thiel, S. (2020). Performance of municipally owned corporations: Determinants and mechanisms. *Annals of Public and Cooperative Economics*, pp. 1-22.
- Waddock, S. (2000). The multiple bottom lines of corporate citizenship: Social investing, reputation, and responsibility audits. *Business and Society Review*, 105(3), 323-345.
- Wang, C. J. (2016). Does leader-member exchange enhance performance in the hospitality industry? *International Journal of Contemporary Hospitality Management*.
- Wangrow, D. B., Schepker, D. J., & Barker III, V. L. (2015). Managerial discretion: An empirical review and focus on future research directions. *Journal of Management*, 41(1), 99-135.
- Wollmann, H. (2004). Local government reforms in Great Britain, Sweden, Germany, and France: between multi-function and single-purpose organisations. *Local Government Studies*, 30(4), 639-665.
- Wynen, J., Verhoest, K., Ongaro, E., Van Thiel, S., & in Cooperation with the COBRA Network. (2014). Innovation-oriented culture in the public sector: Do managerial autonomy and result control lead to innovation? *Public Management Review*, 16(1), 45-66.
- Wirtz, J., & Zeithaml, V. (2018). Cost-effective service excellence. *Journal of the Academy of Marketing Science*, 46(1), 59-80.
- Yan, Y., Chong, C. Y., & Mak, S. (2010). An exploration of managerial discretion and its impact on firm performance: Task autonomy, contractual control, and compensation. *International Business Review*, 19(6), 521-530.
- Yilmaz, K. (2013). Comparison of Quantitative and Qualitative Research Traditions: epistemological, theoretical, and methodological differences. *European Journal of Education*, 48(2), pp. 310-325.

Appendix a

Questionnaire - draft

Hi!

Mishael Amo-Mensah and Benjamin Ofei are students from the master's program in Auditing and Control at the Kristianstad University. We are writing our master thesis where we seek to investigate how managerial autonomy and top management team relations affect the performance of Municipally Owned Corporations (MOCs). To investigate this, the following survey is being sent to heads of MOCs.

The survey will take approximately 10 minutes to complete, it is confidential and will be used for academic purposes only. No data or results will be possible to connect to a specific MOC or individual, only general relations are of interest.

Thanking you in anticipation of a favourable response. Your response is critical to our study.

Kind regards!

Mishael Amo-Mensah - 079-0265645 E-mail: mishael.amo-mensah0003@stud.hkr.se

Benjamin Ofei - 072-0029237 E-mail: benjamin_ephraim_kwasi.ofei0001@stud.hkr.se

Supervisor: Elin Smith E-mail: elin.smith@hkr.se

1. Background question

1.1 Are you currently the CEO or member of the Top Management Team Yes No

1.2 I am Male Female

1.3 In what year were you born? (enter 4-digit birth year, e.g. 1980)

1.4 what is your highest level of education?

- High school diploma Professional after high school diploma some university courses
 Bachelor's degree master degree PhD others (please specify)

1.5 How long have you been working in the MOC? _____year(s)

1.6 In what industry does your organisation belong to?

- Water and sanitation Health Financial Housing Employment agency
 Agribusiness Safety Energy Recreation Consultancy
 Technology Transport Other (please specify) _____

1.7 How many employees does the organisation employ? _____

1.7 The organisation is _____

- Wholly owned by the municipality Inter municipality owned
 Municipality-Private ownership

Indicator	Items	Measurement
-----------	-------	-------------

<p>Managerial Autonomy (Vorna et. al., 2020)</p>	<p>(i) I decide on hiring policies regarding new personnel</p>	<p>The following question focuses on your subjective impression as the CEO</p> <p>Do you could influence general decision-making competencies concerning the following managerial issues without prior consent by a municipal body or department?</p> <p>(1 = strongly disagree; 5 = strongly agree)</p>
--	--	--

	<p>i) I influence the setting of tariffs or prices for products or services</p> <p>ii) I influence investment choices of the MOC</p> <p>(iii) I shift funds between material budgets and personnel budgets when needed</p> <p>iv) I bargain and enter negotiations on behalf of the MOC to reduce political bureaucracy.</p> <p>v) I oversee the establishment of control measures to monitor the procedures used to accomplish a given task</p> <p>vi) I modify procedures if the desired results of the MOC are not attained</p>	
--	--	--

<p>CEO relations</p>	<p>i) In your opinion, how do you assess the quality of relationship between you and your subordinates?</p> <p>ii) I regularly engage my subordinates to receive feedbacks</p> <p>iii) I involve subordinates in value creation for customers</p> <p>iv) I solicit for innovative ideas from subordinates to enhance organisational change</p> <p>v) I motivate subordinates to give their best and go the extra mile to achieve results</p> <p>vi) I rarely show interest in subordinates' personal and professional development</p> <p>vii) I rarely disclose strategic plans to subordinates</p> <p>viii) I often micromanage employees</p>	<p>Please indicate below to which extend the following statements describe you (CEO)</p> <p>Where 1=strongly disagree to 5=strongly agree</p>
----------------------	--	---

<p>Performance Measure:</p> <p>Organisational ambidexterity (Umans, 2012)</p>	<p>Explorative orientation</p> <p>The MOC:</p> <ul style="list-style-type: none"> i) adopts novel technological ideas by thinking “outside the box” ii) bases its success on its ability to explore new technologies iii) creates products or services that are innovative to the firm iv) looks for creative ways to satisfy its customers’ needs v) aggressively ventures into new market segments <p>Exploitative orientation</p> <ul style="list-style-type: none"> i) Commits to improve quality and lower costs ii) Continuously improves the reliability of its products and services iii) Increases the levels of automation in its operations <p>i) My perception on the quality of products or services the organisation provides are very high</p> <p>The MOC:</p>	<p>Please indicate below to which extent the following statements describe the MOCs ability to be efficient in its management of today's business and adaptable for coping with tomorrow's changing demand.</p> <p>Where 1=strongly disagree to 5=strongly agree</p> <p>Please indicate below to which extent the following statements describe the quality of service.</p>
---	---	---

<p>Service development and quality</p>	<ul style="list-style-type: none"> ii) Constantly surveys existing customers' satisfaction iii) Fine-tunes what it offers to keep its current customers satisfied iv) Co-create value with customers v) Received awards and recognition for excellent service delivery vi) Invests in research and development to improve products and services 	<p>Where 1=strongly disagree to 5=strongly agree</p>
<p>Human resource performance</p>	<ul style="list-style-type: none"> i) the MOC has a high chance of attracting and retaining talented employees ii) relations between management and employees are cordial and allow for open discussion within the organisation iii) the MOC invests in employee careers to develop them above their peers in the industry is a core attribute 	<p>Please indicate below to which extent the following statements describe the MOCs human resource performance.</p> <p>Where 1=strongly disagree to 5=strongly agree</p>

Appendix b

Enkätundersökning - draft

Hej!

Vi är två studenter som studerar revision och styrning på Högskolan Kristianstad. Vi jobbar just nu på vår masteruppsats, där undersöker vi hur VDs handlingsutrymme och relation bland anställda påverkar hur organisationen presterar. För att utforska detta, skickar vi ut en enkätundersökning till chefer på kommunalt ägda företag.

Vi skulle vara mycket tacksamma om du har möjlighet att besvara enkäten som beräknas ta cirka sju minuter. Era uppgifter behandlas konfidentiellt och anonymt.

Tack på förhand för din medverkan! Ditt svar är viktigt för vårt masterarbete. Här hittar ni länken till enkätundersökning: https://forms.office.com/Pages/ResponsePage.aspx?id=11xm-7e0eEWKQin_aRdr3_cSZ0jnR2tPrsLUvRzp6pxUM0RZMIM0UTQyU0g2UINCVEhUQINIMkFFMy4u

Med vänliga hälsningar,

Benjamin Ofei och Mishael Amo-Mensah

Vid frågor är ni välkomna att kontakta oss på antingen mail eller via telefon.

Benjamin Ofei - 072-0029237 Email: benjamin_ephram_kwasi.ofei0001@stud.hkr.se

Mishael Amo-Mensah - 079-0265645 Email: mishael.amo-mensah0003@stud.hkr.se

Handledare: Elin Smith Email: elin.smith@hkr.se

1. Bakgrundsfrågor

1.1 Är du just nu VD?

Ja Nej

1.2 Jag är

Man Kvinna

1.3 Vilket år föddes du? (ange fyrsiffrigt födelseår, t.ex. 1980)

1.4 Vad är din högsta utbildningsnivå?

Gymnasieexamen Yrkesexamen Enstaka universitetskurser

Kandidatexamen Masterexamen Doktorand annat (vänligen
precisera) _____

1.5 Hur länge har du jobbat i nuvarande organisation? _____ år

1.6 Vilken bransch tillhör din organisation?

Vatten och sanitet Hälsa Finans Bostad Arbetsförmedling

Jordbruk Säkerhet Energi Rekreation Rådgivning

Teknik Transport Annat (vänligen precisera)

1.7 Hur ser ägarförhållandena i din organisation ut?

Helägt av kommunen Mellankommunalt ägt

Kommunalt-Privat ägt (företaget ägs både av kommunen och av en privatperson eller privat organisation)

1.8 Ange antal anställda i företaget i siffror _____

Indikator	Punkter	Måttenhet
<p>Ledningsuttryck (Voorn et. al., 2020)</p>	<p>(i) Jag påverkar beslut om anställning/anställningsvillkor gällande ny personal</p>	<p>Kommande fråga fokuserar på dina subjektiva intryck som VD:</p> <p>Har du möjlighet att påverka generella beslutsfattning om ledningsfrågor utan förhandsgodkännande av ett beslutande organ på kommunen?</p> <p>(1 = instämmer inte alls; 5 = instämmer fullständigt)</p>

	<p>i) Jag påverkar fastställandet av tariffer eller priser på produkter eller tjänster</p> <p>ii) Jag påverkar val av investeringar på det kommunalt ägda företaget</p> <p>(iii) Jag förflyttar tillgångar/resurser mellan materialbudgeten och personalbudgeten vid behov</p> <p>iv) Jag förhandlar på det kommunalt ägda företagens vägnar utan politisk inflytande</p> <p>v) Jag övervakar upprättandet av kontrollåtgärder för att granska de förfaringssätt som används för att utföra en uppgift</p> <p>vi) Jag ändrar processer, om det kommunalt ägda företagens önskade resultat inte uppnås</p>	
--	---	--

VD relationer	<p>i) Det finns en bra relation mellan mig och mina anställda?</p> <p>ii) Jag engagerar mina anställda för att få feedback</p> <p>iii) Jag inkluderar anställda i värdeskapande för kunder</p> <p>iv) Jag anropar innovativa idéer från anställda för att förstärka organisatoriska förändringar</p> <p>v) Jag motiverar mina anställda att ge sitt bästa och göra den lilla extra ansträngningen att uppnå bästa möjliga resultat</p> <p>vi) Jag visar sällan intresse för mina anställda personliga och professionella utveckling</p> <p>vii) Jag avslöjar sällan strategiska planer till anställda</p> <p>viii) Jag vägleda ofta de anställda</p>	<p>Var god och ange vilken grad ni instämmer i följande påstående (VD)</p> <p>(1 = instämmer inte alls; 5 = instämmer fullständigt)</p>
---------------	--	---

<p>Resultatmätning:</p> <p>Organisation al ambidexterity</p> <p>(Umans, 2012)</p>	<p>Explorativ inriktning</p> <p>Det kommunalt ägda företaget:</p> <p>i) antar nya tekniska idéer genom att tänka utanför ramarna</p> <p>ii) grundar sin framgång på förmågan att utforska nya teknik</p> <p>iii) skapar produkter eller tjänster som är nyskapande för företaget</p> <p>iv) söker kreativa sätt att tillgodose kundernas behov</p> <p>v) satsar aggressivt på nya marknadssegment</p> <p>Exploaterande inriktning</p> <p>i) Åtar sig att förbättra kvalitet och lägre kostnader</p> <p>ii) Förbättra kontinuerligt tillförlitligheten hos dess produkter och tjänster</p> <p>iii) Ökar automatiseringsnivåer i dessa verksamheter</p> <p>Enligt mig, kvaliteten på produkter/tjänster företaget tillhandahåller är av högsta nivå</p>	<p>Var god och ange vilken grad följande påståenden beskriver det kommunalt ägda företags förmåga att hantera effektivt dagens verksamhet och även dess anpassningsbarhet till att klara av morgondagens förändrade efterfrågan.</p> <p>(1 = instämmer inte alls; 5 = instämmer fullständigt)</p>
--	---	--

<p>Utveckling av tjänster och kvalitet</p>	<p>Det kommunalt ägda företaget:</p> <ul style="list-style-type: none"> ii) Gör ständigt undersökning på befintliga kunders tillfredsställelse iii) Finslipar vad det erbjuder för att behålla nuvarande kunder nöjda iv) Skapar värde tillsammans med kunder v) Har fått priser och erkännande för utmärkt tillhandahållande av tjänster vi) Investerar i forskning och utveckling för att förbättra produkter och tjänster 	<p>Var god och ange vilken grad följande påståenden beskriver kvaliteten på tjänsterna</p> <p>(1 = instämmer inte alls; 5 = instämmer fullständigt)</p>
<p>Personalprestation</p>	<ul style="list-style-type: none"> i) Det kommunalt ägda företaget har en hög chans att rekrytera och behålla kompetenta personal ii) relationen mellan ledningen och anställda är vänlig och tillåter öppen debatt inom organisationen iii) Det kommunalt ägda företaget satsar på en konkurrenskraftig kärnar utveckling för dess anställda och det utgör en viktig utmärkande egenskap 	<p>Var god och ange vilken grad följande påståenden beskriver det kommunalt ägda företags personalprestation</p> <p>(1 = instämmer inte alls; 5 = instämmer fullständigt)</p>

--	--	--

Appendix c

	Correlations																			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	
1 HR Performance																				
2 Service_Quality	.396**																			
3 Managerial Relationship	.502**	.311**																		
4 Managerial Autonomy	0.109	.198*	.179*																	
5 Organisational Ambidexterity	.359**	.672**	.272**	.227*																
6 Gender	-0.044	0.070	0.099	-0.021	-0.087															
7 Age	-0.027	-0.068	0.013	-0.056	0.016	-0.085														
8 Tenure	-0.005	-0.044	0.049	-0.073	0.047	-0.149	.247**													
9 Size	0.164	.240**	0.160	0.094	.226*	-0.008	-0.169	0.012												
10 Education	-0.107	0.012	-.233**	-0.154	0.001	0.145	-0.165	-0.163	0.069											
11 Inter_Muni	0.049	-.242**	-0.091	0.091	-.246**	-0.089	0.037	-0.045	-0.098	-0.138										
12 Reg_Muni	-0.005	0.114	0.013	0.077	0.138	0.125	-0.147	-0.049	0.129	0.079	-.258**									
13 Reg_inter_Muni	-0.038	0.026	-0.038	-0.019	-0.021	0.083	0.043	-0.082	-0.133	0.011	-.245**	-0.089								
14 PPP	-0.111	0.096	-0.013	-0.135	0.047	0.103	0.160	0.049	0.060	0.020	-.306**	-0.112	-0.106							
15 WASHGE	0.090	0.124	0.005	-0.028	0.122	-0.167	-0.040	.178*	0.138	0.113	-.362**	-0.132	-0.125	-0.157						
16 Transport	-0.005	0.114	0.013	0.077	0.138	0.125	-0.147	-0.049	0.129	0.079	-.258**	1.000**	-0.089	-0.112	-0.132					
17 Financing	-0.038	0.026	-0.038	-0.019	-0.021	0.083	0.043	-0.082	-0.133	0.011	-.245**	-0.089	1.000**	-0.106	-0.125	-0.089				
18 Comm. & Social Serv.	-0.111	0.096	-0.013	-0.135	0.047	0.103	0.160	0.049	0.060	0.020	-.306**	-0.112	-0.106	1.000**	-0.157	-0.112	-0.106			
19 Other Industry	-0.027	-0.055	0.046	-0.009	0.137	-0.032	-0.103	-0.051	-0.088	0.054	-.231**	-0.084	-0.080	-0.100	-0.118	-0.084	-0.080	-0.100		

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

Appendix d

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.603	14.463	14.463	2.603	14.463	14.463
2	2.359	13.103	27.566	2.359	13.103	27.566
3	2.185	12.139	39.704	2.185	12.139	39.704
4	1.670	9.279	48.983			
5	1.492	8.291	57.274			
6	1.158	6.432	63.706			
7	1.067	5.928	69.634			
8	1.021	5.674	75.308			
9	.845	4.696	80.004			
10	.798	4.433	84.437			
11	.770	4.280	88.716			
12	.652	3.624	92.341			
13	.583	3.236	95.577			
14	.422	2.347	97.924			
15	.261	1.447	99.371			
16	.113	.629	100.000			
17	9.854E-17	5.474E-16	100.000			
18	-3.314E-18	-1.841E-17	100.000			

Extraction Method: Principal Component Analysis.