

An Empirical Analysis of Government Administrative Strategy: From the Governance, Competence and Relationship Perspectives

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ABSTRACT Employing the governance, competence and relationship perspectives, this article discusses what factors will enhance a government's administrative efficiency and effectiveness, and how to improve an organization's performance. This article has found a number of factors, including organizational structure, management mechanism, resources and ability, and partnerships, that influence the first question. Regarding the second issue, how to improve organizational performance, this article argues that compatibility, complementary natures, collaboration, knowledge sharing, information technology, and effective governance are required to enhance the performance of an organization. The results of this article will assist future researchers and will serve as reference for practical applications.

KEYWORDS: • governance perspective • competence perspective • relationship perspective • government • Taiwan

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1 Introduction

During the past two years, the departments of Taiwan's government have actively conducted a number of government reform projects. In addition to the central government's decision to reduce the total number of ministries from 37 to 29 in January 2010, it has also restructured the local government by combining the three cities of Taichung, Tainan, and Kaohsiung with their respective counties to form special municipalities, and upgraded Taipei County to a special municipality. The purposes of this organizational reform include: 1. enhance administrative efficiency; 2. fully utilize governmental resources; and 3. meet the public demand. However, organizational reform is only one method of achieving the government departments' innovation strategies. Whether it can fulfill the purpose of the organization's innovation strategy is a worthy topic for discussion based on organization-related theories.

Scholars in the strategy field are concerned fundamentally with explaining the performance gap between different organizations (Rumelt, Schendel & Teece, 1994; Dyer & Singh, 1998). With this goal in mind, scholars have searched for sources of competitive advantage. Williamson (1999) focuses on the governance and competence perspectives, and he has pointed out that the governance perspective gives greater prominence to economics. Therefore, choice among alternative modes of governance is principally explained in economics terms, such as transaction cost, whereas the competence perspective gives greater prominence to the organization theory, which emphasizes the key role of the process (Williamson, 1999; 1087).

The underlying concept of the transaction cost theory is that governance mechanisms are designed to resolve potential problems that may arise in the exchange process among different units (Dyer and Singh, 1998; Chi, 1994), therefore multi-mechanism designs are required (Gulati, 1998). Nonaka and Toyama (2003) described organizations as entities that create and define problems, and then apply knowledge to solve problems. Evidence indicates a significant relationship between structure and performance (Davidson, 1983; Chiu & Chang, 2009). These elements are critical because they enhance the clarity of the employees' roles, and strengthen employee commitment, involvement, and organizational effectiveness (Patel, 2005; Praksh & Gupta, 2008; Terziorski, 2010).

The competence perspective stresses building competitive advantage through capturing entrepreneurial rents stemming from fundamental firm-level efficiency advantages (Teece, Pisano & Shuen, 1997). Frequently referred to as the resource-based theory, this perspective emphasizes firm-specific capabilities as the fundamental determinants of organizational performance (Rumelt, 1984; Teece, 1984; Wernerfelt, 1984). Another viewpoint, the dynamic capabilities theory, emphasizes the development of management capabilities, functional and

technological skills, while integrating and drawing upon research in such areas as the management of R&D, product and development, technology transfer, human resources, and organizational learning (Teece, Pisano & Shuen, 1997:510).

During the past decade, scholars have suggested that productivity gains in the value chain are possible when trading partners are willing to make relation-specific investment and to create unique combinations of resources (Asanuma, 1989; Dyer, 1996a; Adner & Kapoor, 2010; Scheiner, Kale & Corsten, 2009; Dyer & Singh, 1998; Wang & Zajac, 2007; Williamson, 1999). Dyer and Singh (1998) propose that an organization's critical resource may span organizational boundaries and may be embedded in inter-organizational routines and processes. When researchers have explicitly studied how organizations collaborate to generate performance, they have tended to focus on the particular benefits associated with collaboration, compatibility, and complementary natures, such as learning, lower transaction costs, or pooling of resources (Dore, 1983; Dyer, 1996a; Teece, Pisano & Shuen, 1997; Wang & Zajac, 2007; Adner & Kapoor, 2010).

The governance, competence and relational perspectives and related theories have been widely applied to enterprise-related research but have rarely been seen in research on governmental organizations. This paper will apply these three strategic management perspectives to research on the practical operation of New Taipei City, aiming to discuss: 1. what is the main factor that influences the organizational performance of government departments; 2. how to improve organizational performance.

This paper is organized in five parts. Section 1 explains why this paper adopts the use of three perspectives (governance, competence and relation) for research on governmental organizations. Section 2 conducts a literature review and a comparison of the three perspectives. Section 3 elaborates the research methods of this paper. Section 4 employs the three perspectives to discuss the empirical finding of New Taipei City. Section 5 is the conclusion.

2 Literature review

This section draws from the governance, competence and relationship perspectives to discuss what factors will enhance the government's administrative efficiency and effectiveness and how to improve organizational performance.

2.1 The Governance Perspective

Williamson (1985, 1996, 1998, 1999) pointed out that the governance perspective is the beneficiary of distinguished antecedents. Prominent among these is Coase's (1937) article on 'The Nature of the Firm', which describes the firm in technological terms (as a production function), while the firm and market are

presented as alternative modes of governance, the choice between which was principally decided by the difference in transaction costs. Commons (1932) has similarly eschewed technology in favor of the economics of organization, arguing that the ultimate unit of activity must contain within itself the three principles of conflict, mutuality and order, the transaction is the basic unit of analysis, with governance as an economizing response to the Commons triple (Williamson, 1999:1088). Insisting that the organization was important and undervalued, Barnard and Hayek held that adaptation was the central problem of an economic organization (Williamson, 1999). Hayek (1945) emphasized spontaneous adaptation realized through the market. Barnard (1938) advocated the cooperative adaptation of a conscious, deliberate and purposeful approach of working through administration. Key elements in Barnard's theory of internal organization include: (1) a theory of authority, (2) the employment relation, (3) informal organization, and (4) economizing. Barnard's work was a turning point for organizations (Williamson, 1999:1088), subsequently developed by Simon (1947,1957), with related work carried out by Selznick (1949), Cyert and March (1963), Davidson (1983), Patal (2005) and Terziorski (2010) et al.

In a summary of empirical knowledge-structure research conducted from 1965 to 1980, Fry (1982) stated that the three major theoretical dimensions of structure are complexity, centralization and formalization. (Chiu & Chang, 2009:185). Specialization is a basic principle for structural arrangement and refers to the extent to which roles are differentiated on the basis of particular tasks or purposes. Centralization is the degree to which employees are empowered to make decisions; formalization refers to the extent to which there are formal regulations in the organization. According to Cunningham and Rivera(2001), organizations that adopt a high level of specialization, decentralization and formalization enjoy a better performance. These arguments provide a framework that centers on good communication and past experience, thus creating a mechanism for exchanging and enabling a superior innovation performance (Kakabadse et al, 2003). It is worth noting that Schmid (2002) took the position that formalization and decentralization are positively relevant to a non-profit Ruman service organization (Chiu & Chang, 2009).

2.2 The Competence Perspective

The competence perspective is the fundamental question in the field of strategic management, essentially how can an organization achieve and sustain competitive advantage (Rumelt, Schendel & Teece, 1994), which endeavors to analyze the source of wealth created and captured by an organization. Teece, Pisano and Shuen (1997) argued that strategic theory is replete with analysis of firm-level strategies for sustaining and safeguarding extant competitiveness, often referred to as the resource-based theory and the dynamic capability theory. One strand of this literature, the resource-based perspective, emphasized firm-specific capabilities and assets, and the existence of isolating mechanisms as the fundamental

determinants of organizational performance (Penrose, 1959; Rumelt, 1984; Teece, 1984; Teece, Pisano & Shuen, 1997; Wernerfelt, 1984).

Another component of the efficiency-based approach is developed to explain how combinations of competences and resources can be developed, deployed and protected. Teece, Pisano and Shuen (1997) refer to the dynamic capabilities perspective, in order to stress the exploitation of existing internal and external firm-specific competences to address changing environments. The perspectives emphasizes the development of management capabilities, and functional and technological skills. It integrates and draws upon research areas such as the management of R & D, product and process development, technology transfer, intellectual property, human resources, and organizational learning (Teece, Pisano & Shuen, 1979: 510).

Pfeffer and Salancik (1978) believe that interdependence with others lies in the availability of resources and the demand for them (Chiu & Chang, 2009:185). Organizations are interdependent on other organizations within their environment for their survival because organizations are not self-directed and self-dependent. They need resources, including money, materials, personnel, information, and technology, for their survival. This interdependence may take the form of direct dependence of the seller organizations on its customers, and mutual dependence organizations (Chiu & Chang, 2009).

2.3 The Relation Perspective

Arguing that governance is more micro-analytic (the transaction is the basic unit of analysis), Williamson (1999) adopts an economics approach to assessing comparative economic organization, while competence is more composite (the routine is the unit of analysis) and more concerned with processes (especially learning and lessons for strategy). He commented that since governance and competence are both bounded rationality constructions and obey the concept that organization matters, they both share a considerable amount of common ground, although naturally there are differences. (Williamson, 1999:1106)

Dyer and Singh (1998) claim that the existing literature and alliances of organizations can develop relationships that result in sustained competitive advantage. They have argued that collaborating organizations can generate relational rent through relation-specific assets, knowledge-sharing routines, complementary resource endowments, and effective governance (Dyer & Singh, 1998:675-676). Some scholars have suggested that an ability to effectively manage multi-organization alliances is a source of competitive advantage for organizations (Dyer & Singh, 1998; Ireland et al., 2002), and earlier works broadly refer to it as alliance capability (Anand & Khanna, 2000; Schreiner et al., 2009). Scholars have advocated that organizations can build alliance capability by acquiring greater experience in managing such relationships (Simonin, 1997;

Anand & Khanna; Zollo, Reuer, & Singh, 2002; Hoang and Rothaermel, 2005). More recent work shows that organizations can also strengthen alliance capability by implementing processes to learn and accumulate alliance management skills, and determine the best practices by carefully capturing, codifying, sharing, and internalizing relevant alliance know-how (Schreiner, et al., 2009:1398).

Numerous scholars have asserted that challenges in a given inter-organization collaboration revolve around the uncertainties associated with the cooperative motivation of the partners (Williamson, 1985; Parkhe, 1993; Das & Teng; 1998), and with the management of task interdependence between them (Gulati & Singh, 1998; Gerwin, 2004). They are sometimes referred to as relational risk and performance risk (Das & Teng, 2001: 253) or as problems of cooperation and coordination (Gulati et al., 2005: 419). However, alliance managers also require appropriate interaction processes to manage the collaboration (Schreiner et al., 2009), because problems of cooperation and coordination cannot be fully resolved ex ante, but will persist throughout the entire relationship (Larson, 1992; Ring & Van de Ven, 1994; Doz, 1996; Kumar & Nti, 1998).

2.4 Comparing the governance, Competence and Relationship Perspectives

Table 1 summarizes the governance, competence and relationship perspectives that refer to the basic theories, unit of analysis, primary sources of super-normal performance, and ownership/control of rent-generating process/resources (Dyer and Singh, 1988). The Governance perspectives are based on transaction cost theory and organization theory. According to the economic perspective of transaction cost, an organization that displays an eagerness to increase the number of their suppliers will therefore maximize bargaining power and profit. The relationship perspectives holds that organizations can increase profit by increasing their dependence on a smaller number of suppliers, thereby increasing the incentives of suppliers to share knowledge and make performance-enhancing investments in relation-specific assets (Bakos & Brynjolfsson, 1993; Dyer & Singh, 1998). According to the organization structure perspective, governance mechanisms are designed to resolve potential problems that may arise in the exchange process (Dyer & Singh, 1998; Chiu & Chang, 2009). From the inter-organizational complementary and relationship perspectives, networking and leveraging of social capital created by inter-organizational relationships are key methods of improving their performance (Tsai, 2001; Shyu & Chiu, 2002; Fang & Lin 2005 ; Chiu & Chang, 2009).

The competence perspective is based on the resource-based theory and dynamic capability theory. In summary, the competence perspectives focuses on how individual organizations generate super-normal performances based upon resource, assets and capabilities that are harnessed within the organization. According to the relationship perspectives, rents are jointly generated and owned

by partnering organizations (Pfeffer & Salancik, 1978; Asanuma, 1989; Dyer & Singh, 1998). Thus, relational rents are a property of the network. An organization existing in isolation, irrespective of its capabilities or resources, cannot enjoy these rents. As Zajic and Olsem (1993) argued, both parties employ the inter-organizational strategy to establish an on-going relationship that can create value that could otherwise not be created by either organization independently (Dyer & Singh, 1998).

Table1: Comparing the Competitive Advantages of the Governance, Competence and Relationship perspectives.

Dimensions	Governance perspective	Competence perspective	Relationship perspective
Basic theory	-Transaction cost theory -Organization theory	-Resource-based theory -Dynamic capability theory	-Ecosystem theory
Unit of analysis	-Transaction -Governance mechanisms	- Organization-resources -capabilities	-Pair or network of organizations
Primary sources of super-normal performance	-Relative bargaining power -Collusion	-Scarce physical resources (e.g., Land raw material inputs) -Human resources/know-how (e.g., managerial talent) -Technology resources (e.g., process technology) -Financial resource -Intangible resource (e.g., reputation)	-Relation-specific investments -Inter-organization knowledge-sharing routines -Complementary -Resource endowments -Effective governance
Ownership/ Control of rent-generating process/resources	-collective (with inter-organizations)	-Individual organization	-Collective(with pair on network of organization)

Based on the ecosystem theory, the relationship perspective may offer different normative implications for the strategies that organizations should use to achieve higher levels of performance. However, an effective strategy from a relational view may be for organizations to systematically share valuable know-how with alliance partners. The relationship perspective considers the dyad/network as the unit of analysis, and the rents that are generated to be associated with the dyad/network. Although complementary to the resource-based perspectives, this perspective differs somewhat in terms of analysis and sources of rent, as well as control and ownership of the rent-generating resources (Dyer & Singh, 1988: 674).

3 Method

This paper adopts the case study approach, which discusses what core factors enhance administrative efficiency, as well as the effectiveness of the New Taipei City government after its organizational restructuring and how it can strengthen its organizational performance. Therefore, this paper not only collected related new and old regulations and systems from the New Taipei City Government for analysis but also relied on the interview method to conduct field surveys. During April 12-20, 2010, we selected 7 subunits of the Taipei County government (before restructuring): Education Department, Cultural Affairs Department, Tourism and Travel Department, Public Works Department, Water Resources Department, Urban and Rural Development Department, and Research, Development and Evaluation Commission, to carry out field studies and interviews. 3-7 people were assigned to each interview with a total of 41 participants.

This paper is based on the collective interview approach, therefore the derived ideas were either obtained from the interviewees' consensus or confirmed by the interviewees through different interviews, which helps avoid individual or departmental bias and enhances the internal validity of the information. Furthermore, the author relied on more than 30 years of work and research experience to build friendship with the interviewees. This type of social capital can benefit the exchange of ideas through open and sincere interviews, which in turn will secure the data quality. In addition, the author's previous experience in the public sector and related fields brings many opportunities for participating observations, which can avoid inappropriate interpretation of data and help enhance the external validity of information (Tseng, 2010:91).

4 Empirical Analysis

New Taipei City (formerly Taipei County), located in northern Taiwan with a land area of 2052.57km² and a population of about 3,897,367 people (New Taipei City Government, 2011), is the most populous city in Taiwan. In December 2010, the New Taipei City Government transformed from its original provincial

jurisdiction--Taipei County Government-- to the central municipality as the largest local government in Taiwan. According to the Local Government Act promulgated by the central government, the New Taipei City Government enjoys the jurisdiction of a local autonomy group. Based on the perspectives of e-governance, competence, and relationship perspectives, we can conclude the following:

The governance perspectives

The restructuring of New Taipei City Government can be divided into two stages. The first stage occurred in 2007, when the Taipei County Government was upgraded to a quasi-municipality to enjoy the rights of a municipality. According to the Taipei County's regulations on organizational autonomy, the internal units of the original organizational structure have been upgraded to independent organs and the staff is expanding due to the establishment of 26 departments and commissions. During the second stage, in coordination with the central government's policy to adjust local governments substantially, Taipei County was upgraded officially to a municipality after the election. As described in the New Taipei City's organization chapter, it has set up 20 departmental agencies, including the Civil Affairs Department, Finance Department, Education Department, and Police Department, and 7 staff agencies, including Budget, Accounting and Statistics Office, Personnel Office, Research, Development and Evaluation Commission, for a total of 27 departments and agencies. Meanwhile, according to the provisions of Article 7-8, it can create secondary agencies and district offices with an official staff of 42,817 people, including school faculty (New Taipei City Government, 2011). In addition, Article 12 stipulates that the City Council is the highest decision-making and coordination mechanism, while Article 14 specifies that the City Government will be in charge of establishing a clear order of commands and related responsibilities.

Moreover, there is evidence pointing to a significant relationship between performance and structure (Davidson, 1983). Organization-related institutional theory argues that every organizational structure or system survives for a reason and all organizations have experienced a lengthy adaptation to their environments. Different national or regional environment induce a wide range of organizational structures and management mechanisms (Acs et al., 1997; Damanpour, 1992; Saleh & Wang, 1993; O'Regan et al., 2005). The government's departments have still been constrained by the bureaucratic hierarchy (Su, 2002: 82). Weber's organization theory of a rational legitimate bureaucratic system and Foyal's specialized division of labor as the principle of administrative management, responsibilities, and moderations are still the mainstream of the government's organization structure and management mechanisms (Chiou, 2008: 8). Poorly designed relevant regulations and systems cannot enhance administrative efficiency and can incur large transaction costs (Heide & John, 1998; Noodrwie, John & Nevin, 1990; Pilling, Croshy & Jackson, 1994; Sriran, Krapfel &

Spekman, 1992) and opportunity costs, which will not lead the government departments to resolve problems, therefore a government failure is likely to occur (Ju, 2008:447-449). Related staff in New Taipei City Government interviewed by the author have pointed out:

Current planning and budget control take up a lot of time for administrative operation and many second tier control systems are unnecessary...; the design of information application systems seems to not take the actual needs of the implementation into consideration...; the forms of administrative operations are ill-defined and inflexible, which are difficult for new employees to get used to ...; there are prolonged operation processes and an abundance of red tape in the hierarchy.

According to the above-mentioned opinions from the interviewees, in addition to organizational restructure, the government's governance mechanism should focus more on the reform of management regulations and operating systems. Under the current bureaucratic organization's legitimate administration, professional division of labor, and hierarchy, the executive departments are likely to mind their affairs from their own perspectives, which will lead to sectionalism and opportunism among individual organs. (Williamson, 1985, 1991); Therefore, governmental departments have to spend more resources and time in administrative supervision, coordination, and control, which can not reduce the transaction cost of organizational management nor improve organizational performance. According to Coase (1937) and Williamson (1985)'s argument of transaction cost economics theory, the promotion of the government departments' policies will produce a variety of administrative and control costs depending on self-management or external (higher) authority supervision (Chiou, 2009: 3-4).

The competence perspectives

From the competence perspectives, governmental departments must obtain key sources of finance, main power, technology, and facilities, as well as the ability of integrated management to achieve administrative performance (Penrose, 1958; Rumult, 1984; Wernerfelt, 1984; Teece, Pisano & Shuen, 1997). After New Taipei City was promoted to a quasi municipality in 2007, our interview with the staff revealed that:

Finance, manpower, and equipment have increased significantly but similarly the promotion of administrative measures and infrastructures have also surged...; the interviewee also comments that "The faster the change of the external environment, the greater the public's demand. In addition, the interference of political views from the representatives has added to civil servants' pressure...; moreover, every government's policy promotion involves processes of land acquisition, license approval, environmental assessment, planning and budget

approval, whose authorities are scattered among different organs. Therefore, not all the public servants are familiar with related procedures, so each policy promotion will take a long period of time for staff from diverse departments to learn how to work together.

Second, Commonwealth Magazine conducted a lucky city grand survey on 25 county and city governments in Taiwan, adopting 53 indexes in five dimensions: "economics", "policy implementation", "environment", and "education and social welfare". The investigation's results demonstrate that from 2007 to 2009 the New Taipei City Government (formerly the Taipei County Government) was ranked No. 21, No. 13 and No. 15, respectively, among the 25 county and city governments. In 2010, the rating was divided into two groups, the municipality group and the county and city group. The New Taipei City Government in the municipality group was about to be upgraded (December 15, 2010) and be included among the 8 counties with the rank of No. 6 (Commonwealth Magazine, 2011). Seen from the above findings, the New Taipei City has reformed its organizational structure, but has not enhanced the administrative efficiency and effectiveness.

Teece, Pisano and Shuen (1997) argued that competitive advantage requires both the exploitation of existing internal and external organization-specific capabilities, and the development of new ones (Penrose, 1957; Teece, 1984, Wernerfelt, 1984). They refer to this ability to achieve new levels of competitive advantage as dynamic capabilities, renewing competences in order to achieve congruence with the changing environment; certain innovative responses are required when time-to-market and timing are critical, the rate of technological change is rapid, and the nature of the future environment is difficult to determine. The term capabilities emphasizes the key role of strategic management in appropriately adapting, integrating, and reconfiguring internal and external organization skills, resources, and functional competences to match the requirements of a changing environment (Teece, Pisano & Shuen, 1997:515).

The Relationship perspectives

The New Taipei City Government's implementation performance mostly lies on its administrative execution and public satisfaction. To enhance the administrative execution, the administration must combine resources and capabilities both within and outside related organizations to fully utilize the functions of complementary resources, knowledge sharing, and collaboration in order to achieve effective governance (Dyer & Singh, 1998; Scheriner, Kale & Corsten, 2009; Wang & Zajac, 2007; Terziovski, 2010). On the other hand, public satisfaction will involve policy formation and implementation, which is subject to the influence of external interest groups, for example, the different needs of the people, the interference from elected representatives, external (higher) authorities' supervision, and the contract binding ability of manufacturers, which all rely on continuous daily

coordination and communication (Scheriner, Kale & Corsten, 2009) to establish a long-term partnership. Respondents of this paper noted:

New Taipei City's Tamsui River project must be linked to the upstream project of Taipei City. The execution of the overall project involved: Public Works Department, Water Resources Department, Agriculture Department, Civil Affairs Department, and other authorities, and staff agencies such as Budget, Accounting and Statistics Office and Research, Development and Evaluation Commission, which are responsible for planning, budget review and control, accounting and statistics, research ... and other staff agencies and Evaluation Commission; Moreover, lobbying by the elected representatives, public interests compensation, and the assessment of manufacturers' contract enforcement ability will all affect the project implementation performance....

From the above opinions from respondents, we find that the government departments' implementation capacities rely on the soundness of the organizational structure and the smoothness of the organization's operation. The vital factor is whether a culture that fosters growth, learning and team work exists within the organization. From the perspective of the ecosystem theory, the government departments' policy promotion must cooperate with internal and external interest groups to create value, like ecological strategies (Moore, 1996; Iansiti & Levien, 2004; Adner, 2006; Adner & Kapoor, 2010) and similar activities. As far as organizational structure is concerned, clear rights and responsibilities in the organizational hierarchy, flexible laws and regulations, and responsible executives will all affect the speed of decision-making and administrative operations. Regarding the organization's operation system, policy planning or budget implementation often involves the unit in charge, accounting, government ethics, and administration within the organization. Therefore, there should be a flexible cooperation mechanism within the organization, cooperation between different units based on the interest of the whole organization, and collaboration to identify legitimate regulations to solve problems instead of a passive mentality of avoiding problems. As for the organization's implementation culture, the organizational staff's planning and budget execution capability, motive for growth and learning and strong culture of team work among different units within the organization, and active participation during special or unexpected events will all affect the overall policy planning and budget execution.

Collaboration refers to interdisciplinary and cross-sector collaboration to achieve the project goal, share information and contribute expertise (Scheriner, Kale & Corsten, 2009; Terzirovski, 2010; Wang & Zajac, 2007). The collaboration of administrative authority can exist between different organs, internal units and external vendors, or between groups. For example, cooperation among the project management authorities, auditing agencies, audit agencies to jointly devise plans and budgetary control standards and share related information will help reduce the cost of administrative operations and improve management effectiveness.

Meanwhile, collaboration among the operation, planning, accounting, government ethics, and administration, sharing of relevant information, and provision of expertise will all help boost administrative efficiency and benefit the implementation of plans and budgets. The executive administration must outsource part of operations or engineering to external companies, and draw on scholars and experts for assistance with project planning and execution. The collaborative relationship will help establish mutual trust and enhance the quality of administration execution. Government departments have long been bound to the bureaucracy, legitimate administration, professional division of labor, and political interference, which forms the organizational culture where public servants have all become accustomed to waiting for orders from senior managers before taking action. The trust relationships between the chief executive and employees will affect the willingness of employees to implement policy. Unfortunately, distrust often exists between a politically appointed chief and the staff, leading to over-reliance on regulations, systems, processes, and formalism, which wastes a great deal of administrative resources and impedes administrative reform and innovation (Chiou, 2008: 20). The existing promotion, compensation, and work performance evaluation systems for public servants are hard to modify. The punishment for innovation error has forged a deeply conservative culture among public servants. Since governmental departments cannot immediately break the existing system, the construction of an innovative administrative culture should be led by the chief. The Chief Executive must have his own personal values and the courage to challenge old habits by personally leading the staff to break traditional habits of executing administrative duties. In addition, he must trust his staff and fully authorize them, and accept responsibility for the consequences of innovation failures made by his employees. Moreover, the chief must be able to create an organizational culture of learning and sharing and to build a flexible partnership across departments and among employees to stimulate staff's creativity and innovation in order to boost the overall organization performance. Moreover, the chief can train the staff's sensitivity towards the external environment changes by introducing new technologies and methods and gathering new information regarding public needs and social development. He can also introduce a real-time contingency handling approach to reduce the gap between the perception of public policy, decision-making, and implementation.

5 Conclusion

The thesis of this article is drawn from the governance, competence and relationship perspectives. It discusses what factors will enhance the government's administrative efficiency and effectiveness and how to improve organizational performance. Regarding the first question, this paper found several factors including: organizational structure, management mechanism, resources and ability, and partnerships.

First, according to the organization related institutional theory, given the special organization structure and management mechanism (Acs et al., 1997; Damanpour, 1992; Saleh & Wang, 1993; O'Regan et al., 2005), the governmental departments will find it difficult to eliminate the hierarchy's constraints, such as legitimate administration, professional division of labor, and political interference (Su, 2002:82). Second, the governmental departments must have access to key resources, such as finance, manpower, technology and facilities. They also require the ability to integrate internal and external management and show the motives to learn and grow in order to achieve administrative performance (Penrose, 1958; Rumult, 1984; Wernerfelt, 1984; Teece, Pisano & Shuen, 1997). Moreover, the promotion of government policies must work with internal and external interest groups to create value, just like the ecosystem strategy (Moore, 1996; Iansiti & Levien, 2004; Adner, 2006; Adner & Kapoor, 2010). It also takes a long-term partnership among the participating internal and external interest groups to share knowledge and complement resources with each other.

As for the second issue, how to improve organizational performance, this paper found the following results: compatibility (Wang & Zajac, 2007), complementary, collaboration, knowledge sharing, and information technology, and effective governance (Dyer & Singh, 1998; Scheriner, Kale & Corsten, 2009; Terzirovski, 2010). Under the current constraints of bureaucratic hierarchy control, legitimate administration, professional division of labor, and political interference, government departments should consider carefully how to revive the existing management mechanism, which is in accordance with Schumpeter (1947)'s dynamic theory. Meanwhile, evidence points to a significant relationship between performance and structure (Davidson, 1983). Conducting an organizational restructuring and management mechanism modification in the first stage will help to improve organizational performance. With the change of external environment, the public demand has increased and the organization's duties have expanded, therefore the administration must continue to build new resources and capabilities to enhance its organizational competitiveness.

Second, from the perspective of ecological theory, the governmental departments' policy promotion must include the concept of compatibility. As for enhancing the executive ability, the administration must work with internal and external groups to fully utilize functions regarding resources complementary, collaboration, knowledge sharing, information technology in order to achieve effective governance (Dyer & Singh, 1998; Scheriner, Kale & Corsten, 2009; Wang & Zajac, 2007; Terzirovski, 2010). Regarding public satisfaction, it will involve policy formation and implementation, therefore it is subject to the influence of external interest groups. For example, people have different needs and legislative representatives often interfere in the process. In addition, the external (higher) authority supervision and manufacturers' contract binding capacity all take daily coordination and communication (Scheriner, Kale & Corsten, 2009), to establish a long-term partnership.

Scholars might examine these differences in greater detail in future research. Another important avenue for future research would be to examine how the competitive advantage of organizations lies in managerial and organizational processes, shaped by its specific asset position, and the paths available to it.

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