

Turnover among City Managers: The Role of Political and Economic Change

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Abstract

Executive turnover can have profound effects on city policy, programs, and commitments such as contracting or issuing debt. This paper identifies how political changes, reflected in the composition of the city council, and economic changes in the community influence city manager turnover. Analysis of manager turnover patterns in 143 large U.S. cities with council-manager governments from 1987 to 1999 allows us to distinguish “push” and “pull” factors that can induce city managers to leave their jobs.

The empirical analysis demonstrates that political conflict and economic development can influence the likelihood of a city manager exiting a community, but these effects can be somewhat complex. In particular, the influence of community economic development on turnover includes a temporal dimension not revealed in previous research. We conclude by discussing the findings’ implications for career patterns in city management.

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Turnover in top administrative positions has been linked to management difficulties in public, private, and non-profit organizations. In the private sector, a great deal of research indicates that turnover has critical effects on the organization's performance and remaining personnel (Sheehan 2001; Droege and Hoobler 2003; Shaw, Delery, Jenkins and Gupta, and 1998). This suggests that executive turnover also should prove important in the public sector. At the local government level, city manager turnover is especially important because these managers play increasingly complex and interrelated roles in both the substance and the process of city governance (Svara 1999).

Several empirical studies have explored the factors that account for the length of city managers' tenure (DeSantis and Renner 1993; Renner 1990; DeHoog and Whitaker 1990; Whitaker and DeHoog 1991; Feiock and Stream 1998). Turnover among managers often is attributed to either "push" or "pull" factors (see, e.g., DeHoog and Whitaker 1990). Push factors prompt managers to leave their current positions because of political conflict or differences in style, orientation, or policy between the managers and their councils. Pull factors entice managers to leave their current positions for professional, financial, or personal advancement.

We build on this theoretical foundation and propose a model that captures the push-and-pull factors as they relate to economic development and political conflict as well as other environmental and fiscal factors. This model, which builds upon earlier case studies and attitudinal surveys, provides a method for direct measurement of such factors as change or stability in council membership and economic well being among the nation's larger cities. The model is estimated with a time series panel from 1987 to 1999 of the 143 largest U.S. cities¹ with council-manager governments. This approach

allows us to discern the direction, strength, and magnitude of push-and-pull factors on city manager tenure.

City Managers and Turnover

City managers once were viewed as neutral technicians with limited roles in the policy-making process, but scholars increasingly came to appreciate that, for managers, the separation between politics and administration often was more symbolic than factual (Stillman 1974; Miller 2000). In fact, managers' leadership in city policy making is a recurrent theme in the contemporary literature (Nalbandian 1999; Nalbandian 2000; Svava 1990; Svava 1998). In addition to their traditional management role, city managers are now expected to undertake community building and to facilitate democratic processes between the community and its government (Nalbandian 1999). The issues city managers bring before the council, the information they present to support their recommendations, and the direction they provide employees who carry out programs all thrust managers into the policy-making process. City managers have become such an integral part of the policy process that policy proposals frequently originate with the manager, rather than with the council (Newell and Ammons 1987; Morgan and Watson 1992; Martin 1990). In particular, city managers are expected to play a key role in the formulation of economic development policy (Banovetz 1995; Wright 1969). Because of the visible outcomes of economic development, this role focuses attention upon city managers, who may be awarded credit for their city's economic success or blame for its failure.

Because of their role in the policy process, the tenure of city managers is important. Change from one city manager to another has significant policy implications if different managers bring different preferences, skills, and backgrounds to the job. Among other things, turnover affects the city's

implementation of local innovations such as experimenting with new service delivery approaches, ability to enter into long-term obligations by issuing debt, or capacity to make future commitments through contracting (Clingermayer and Feiock 2001; Feiock and Clingermayer 1993)

As important as city manager tenure is, it is at times tenuous, due in part to the basic structure of career paths in city management. City managers tend to be highly educated, well-paid, and mobile professionals. Some 80 percent do not come from the community they serve (DeSantis and Newell 1996). Mobility is central to the city manager's typical career path, which often proceeds from appointment as assistant manager to manager of a small town and, finally, to city management posts in larger or more prestigious communities (Paul 1981; Barber 1988). Managers of larger cities (those with populations of 100,000 or more) frequently follow a somewhat different career path in that a substantial minority (about 45 percent) of these managers has spent their careers working in the city in which they now serve as managers. Many larger cities, it appears, "grow their own" managers through career paths available within the city itself. (Watson and Hassett 2004). Turnover remains a key issue, however, whether a change in the manager's position comes from within the city's ranks or from another city.

City managers' prominent role in city policy, coupled with their tenures' dependence on the pleasure of the councils they serve, also affects manager turnover. Typically, the manager is hired by the city council and is subject to removal at any time by its majority vote. While the council-manager form of government often is perceived as inhibiting or assuaging community conflict (Lineberry and Fowler 1967; Banfield and Wilson 1963), conflict can be at the heart of city manager turnover. In a study of 39 city manager turnovers in 10 Florida cities, Kammerer et al. (1962) found that two-thirds of these exits were involuntary terminations by the council. Most terminations resulted from political disputes. A more recent Florida study found that political disagreements also indirectly influence voluntary terminations

because managers may leave their positions preemptively, before conflict with the council reaches the “firing point” (DeHoog and Whitaker 1990). Turnover and conflict among council members led city managers to exit their positions in Chicago-area municipalities (Kaatz 1996). Turnover in elected office may signal political controversy that will soon put politicians and administrators at odds, resulting in the managers’ departure. In short, turnover on city councils may lead to turnover in city managers.

City characteristics, particularly demographic composition and the city government’s fiscal condition, also have been linked to manager turnover. In heterogeneous areas, cleavages based in wealth, race or other social conditions can lead to conflicts that spill over to local government. Administrators serving in more affluent and racially homogenous communities may experience less conflict, resulting in lower turnover rates. For example, Watson and Hassett (2003) relied on the ICMA’s 2000 national survey to identify “long-serving” city managers (those who retained their positions for 20 or more years.) Less than 5 percent of the survey respondents had served such terms, and most of the cities in which these managers served were relatively homogenous, politically stable cities with populations under 30,000 (Watson and Hassett, 2003). The city’s fiscal condition also may contribute to manager turnover. Previous work explored how demographic factors and such fiscal policies as taxing, spending, and borrowing influence tenure but report only modest effects (Feiok and Stream 2002). In communities with strong fiscal capacity, low taxes, and low debt, the performance of managers may be non-controversial. Similarly, smaller, wealthier, more homogenous communities may be more politically stable and experience less turnover among managers.

Economic Development and Manager Turnover

Recent work has begun to examine how government performance can affect employment opportunities for city managers. Examining administrators' actual performance in office is problematic, given the difficulty of defining and/or measuring good and bad performance. Yet, in studies of electoral cycles and retrospective voting (see, e.g., Fiorina, 1981), researchers have used the economic performance of a politician's jurisdiction as an indicator of the incumbent administration's accomplishments. The city's economic performance is a similarly reasonable proxy for city manager performance. Local economic development has long been seen as an important undertaking for city managers (Wright 1969). The International City/County Managers' (ICMA's) 2000 national State of the Profession survey found that managers identified economic development as one of the most important issues facing their jurisdictions (Renner 2001). City managers have increasingly been assigned responsibility for managing economic development within the city (Banovetz 1995). Because city managers may be given credit for income growth in the community, successful economic development efforts can create job opportunities for these managers. Recent work suggests that if city managers can creatively use development policies to attract growth, they can cash in these development gains on the job market and move to more lucrative positions in larger communities or private firms (Stein 1990; Feiock and Stream 2002.)

If managers can credibly claim credit for their city's economic successes, it is likely that they can be assigned blame for its economic woes. Focusing on the city's economic well being may make it possible for empirical analysis to account for the strength and magnitude of both the push-and-pull factors that influence city manager tenure. Managers of cities experiencing income growth are apt to be

“pulled” to new, more attractive positions, while managers of cities suffering from a lack of or actual decline of income growth are likely to be “pushed” from their jobs.

The relationship between city economic growth and manager tenure is complicated by the fact that the idea of growth or decline has an implicit temporal dimension in which the present is compared with the past. The theoretical and empirical problems arising from this simple fact center around the length of time needed to both discern economic “trends” and award the manager either credit or blame. In his landmark study of congressional action, Arnold (1990) found that poor outcomes are more likely to lead to a swift effort to lay blame than good outcomes are to an effort to bestow rewards. Following this logic, a lack of income growth over the short term may contribute to councils’ dissatisfaction with city managers and lead to efforts to push them from office. Over the longer term, however, economic growth and development may be credited to the city managers, boosting their reputations and pulling them to other positions.

We attempt to sort out the push-and-pull forces of economic growth by separately measuring short-term economic changes and longer-term economic growth trends. The empirical analysis reported in this paper identifies how both short-term income change and longer term income growth in an administrator’s community influences his or her tenure in office.

Research Design

The effects of council turnover and city economic well being have not been subjected to systematic, large-scale empirical tests. Empirical work to date relies on relatively small case studies in a single state (for example, Whitaker and DeHoog’s 1991 study of 33 Florida managers) or self-reported responses to city manager surveys (for example, Kaatz, French and Prentiss-Cooper 1999), which may

either not be generalizable beyond the single state or depend too heavily on the professionalized perspectives of city managers.

This study advances an innovative design and employs a large national sample of council-manager cities to estimate more precisely the effects economic growth and change in city council composition have on manager turnover. This analytic approach provides a generalized picture of the individual factors affecting city manager tenure in the context of the model's other variables.

The model is estimated with a pooled cross-sectional time series of the 143 U.S. cities with council-manager governments and populations of at least 75,000. Focusing on large cities not only provides more complete data, it allows us to examine turnover in communities where more ambitious candidates contend for office and turnover among elected leaders represents greater conflict and uncertainty. Turnover is examined from 1987 to 1999. Because the Hausman test indicates a city level unit effect, we estimate the model using a fixed effects logit procedure. The dependent variable is a dichotomous measure indicating whether there has been turnover in the office of city manager from the previous year, coded as "1" when turnover occurred in that year. These data were collected from various volumes of the National League of Cities' *Directory of City Policy Officials* and the ICMA's *Municipal Yearbook* (1984–1990).

Independent Variables

The independent variables include measures of turnover among elected council members, demographic characteristics of communities, the fiscal condition of the cities, and economic growth. Our main "push" variables are turnover among elected council members, and short-term economic change. We assume that council turnover is a matter of degree such that the greater the amount of turnover, the

greater the potential impact on manager tenure. We measure the extent of council turnover by calculating the proportion of members who served four years earlier that are no longer serving on the council. Measuring turnover in this fashion accommodates variations in cities' council sizes and electoral cycles, and accounts for our contention that turnover is best captured in relative rather than absolute terms. We expect that the greater the proportion of incumbent council members who leave, the more likely the manager will exit. To determine council turnover rate, we identified the members of local governing bodies each year from 1983-1999. Changes in council membership were recorded, and the proportion of new members to incumbent members derived for each city in each year. Short-term economic change was measured as the change in per capita personal income from the previous year.

The key "pull" factor is the economic growth trend over time. We measure growth trends with the average change in per capita personal income over the previous four years. Other community characteristics that have been linked to city manager tenure include city population, population change, per capita personal income, and percent non-white. We expect large and fast-growing communities will experience more frequent manager change, while wealthy and racially homogeneous communities will experience less turnover. These measures are taken from the U.S. Census. City fiscal variables included are per capita own-source revenue, as an indicator of fiscal capacity; per capita property taxes; the city bond rating; and per capita long-term debt. Fiscal data were drawn from published and on-line reports provided by the Geographic Division of the U.S. Bureau of the Census. The fiscal and demographic variables are lagged by one year.

Accounting for City Manager Change

Estimates of the likelihood of manager turnover predicted by the model described above are reported in Table 1. As indicated by the likelihood ratio χ^2 , the data provide a good fit to the model. The logit parameter estimates indicate how likely various push-and-pull factors are to affect city managers' tenure. The extent of council member turnover, as expected, predicts administrative turnover. The greater the proportion of council members who do not return to office, the greater the chance that the city manager will leave. On the other hand, the cities' demographic characteristics and fiscal conditions included in the model--population, population growth, racial composition, debt levels, and property taxes, among others--had no statistically significant influence on turnover.

[Table 1 Here]

The most dramatic results pertain to the effects of the cities' income levels and economic change. The *level* of per capita income is negatively related to turnover, suggesting that the more well off the community, the more likely it is to retain its city manager. The relationship between change in the city's economic condition and change in its management is dependent on both the duration and the direction of the economic change. Both managers of communities facing short-term economic problems and managers of communities experiencing economic growth are likely to end their tenure with the city. If the cities' economy is worse this year than last, the likelihood of city manager turnover increases. Conversely, short-term economic gains do not affect city manager tenure. Positive economic news apparently takes longer for its effects on turnover to be felt. The likelihood of manager turnover increases only when cities experience longer-term economic growth.

Conclusion

The findings reported here suggest that city managers' careers are subject to the forces of both political and economic change in the communities they serve. When there is substantial change on the city council, the likelihood of turnover in the city's top administrative post increases. Greater proportions of new council members suggest a lack of political stability, induced either through conflict or through institutional mechanisms such as term limits. The smaller the share of "old guard" council members, the more likely it becomes that the change in the city's direction also will be signaled by the city manager's exit. This generalized finding corroborates the impressions of city managers gathered through national surveys as well as the patterns depicted in case studies. While this may be conventional wisdom, it has lacked systematic confirmation until now. By holding other factors affecting manager tenure constant, our empirical results demonstrate the powerful, direct, and independent effect of political change on city manager tenure.

The cities' economic condition affected city managers' tenure across several dimensions but, surprisingly, their governments' fiscal condition had no significant influence. The likelihood of manager turnover is diminished in wealthier cities, such that the higher the per capita personal income, the lower the chance of city manager turnover. Residents of more affluent communities, presumably with greater slack in their personal budgets, may be more content with the status quo and less apt to push their cities' managers from office than residents of other cities. On the other hand, managers of wealthier cities simply may choose not to be pulled to other positions, where their jobs would include the additional challenges faced by cities with less prosperous residents. In short, managers of cities with residents who are well off are less likely to experience either the push-or-pull factors felt by managers of other cities.

Communities that experienced little or no short-term growth as well as those that experienced strong growth over a longer period were apt to have higher manager turnover than other cities. Taken

together, these findings demonstrate the importance of economic development to city managers' career paths. Our results also help flesh out some dynamics of the push-and-pull factors that contribute to managers' tenure. We suspect that many of the managers leaving cities that faced a stagnant or declining economy over the past year were pushed from office, while many of the managers exiting cities that enjoyed economic gains over the past four years were pulled to other positions. Managers of cities whose economies have failed to achieve dramatic improvement over the long term, however, are apt to remain in office. It appears that if bad economic news is going to be acted on, the action will be taken quickly, and it is likely that the city manager will take the fall for the city's sudden economic reversal. For cities with growing economies, the opposite relationship holds. Managers of cities experiencing short-term economic gains are likely to remain in office, but if economic gains are sustained over time, these managers are likely to leave. Our findings indicate that city managers are held responsible for community economic growth. This accountability, however, is not evenly balanced between commending a good outcome and condemning a bad one. The temporal dimension differs such that assigning blame for negative performance is done in response to short-term downturns. Good outcomes, however, must be experienced over a longer period before credit can be claimed. This suggests that for city manager tenure, push factors are apt to be related to a fairly current issue. Pull factors, on the other hand, are likely to develop over time as managers enhance their reputations through repeated successes.

Note

1. "Larger" cities are those with a 1989 population of 100,000 or more.

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Table 1**Logit Estimates of the Likelihood of Manager Turnover**

| Variable | B | Standard Error | t-score |
|------------------------------------|----------|-----------------------|----------------|
| Council Turnover | 3.5737 | 1.9941 | 1.79 |
| Short-Term Economic Change | -.0131 | .0032 | -4.05 |
| Longer-Term Economic Change | .0207 | .0038 | 5.49 |
| Demographic Characteristics | | | |
| Log of Population | -4.5064 | 3.3676 | -1.34 |
| Population Change | .0000 | .0000 | 0.86 |
| White Population | -1.3316 | 3.2363 | -0.41 |
| Per Capita Personal Income | -.0030 | .0006 | -4.84 |
| City Fiscal Condition | | | |
| Long-term debt | -.0000 | .0004 | -0.05 |
| Fiscal Capacity | .0004 | .0014 | 0.28 |
| Property Taxes | .0070 | .0077 | 0.91 |
| Bond Rating | -.6932 | 1.1271 | -0.62 |
| Log likelihood | -80.8324 | | |
| Likelihood Ratio Chi ² | 279.11 | | |
| N | 143 | | |