

**THE EVALUATION OF LOCAL MUNICIPALITIES' PERFORMANCE
THROUGH ANALYSIS ON MAYOR'S PERSONAL BACKGROUND**

By

Yujong Lee

THESIS

Submitted to

KDI School of Public and Management

in partial fulfillment of the requirements

for the degree of

MASTER OF PUBLIC POLICY

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Committee in charge:

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ABSTRACT

The Evaluation of Local Municipalities' Performance Through Analysis on Mayor's Personal Background

By

Yujong Lee

This paper searched the relation between leader's characters and his or her performance. In this paper target leaders were mayors in local governments in Korea. There are 230 mayors in local municipalities in Korea. This study uses the data from biographic intelligence and classifies into small groups, such as profession, political party, age, educational background, elected times, ex-assemblyman and change of mayor. And the evaluation indexes were mainly financial performances in local government. For examples, they were the effort index of fiscal self-reliance, the local government's financial independence, increasing rate of internal financing, educational and training expenditures and so on. However, a large proportion of the result was statically non-significant. Some results showed that there were no differences among each mayor's group score. Therefore, I conclude that mayor's experiences did not influence on their performances and their abilities did not reflect local governments' performances. Moreover, lots of results were statistically non-significant. 19 of total 84 results were just statistically significant. It was 22.6% of all result.

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I. INTRODUCTION

1.1 Objective of the study

Who will you vote in the next local election? It is difficult to select the right mayor among candidates for city management. There is no rule and no education about your selection. You just assume who the best politician is by your feelings. Usually, even you do not know the name of the mayor nor that of the governor. But we spend lots of money from our salary. They manage lots of budget. But we don't know lists of their expenditure. So in this paper I examine and evaluate their performance by document on their fiscal accountability, anti-corruption, budget of human resource education and so on. We need measure. Mayor's career experiences are important. Their personal history affects their performance and public budget.

Ministry of public administration and security evaluates local government every year by several indexes. Evaluation indexes were composed of public administration, social welfare, health policy, local economy, local development, cultural policy and so on. However, its evaluation focused on metropolitan city and province. There were few evaluating results on mayors in the small local governments like Si, Gun and Gu. Despite lots of discussion about leadership in local governments, there has been relatively little broad-scale empirical analysis.

Moreover, there was a lack of research on the evaluation of mayor's performance in local government through analysis on his or her personal background. This study focuses on mayors elected in the municipal level of the last local elections in terms of their leadership styles and characteristics, career and experiences.

In this paper I divide their characters into their profession, party, age, educational background, elected times, experience as a lawmaker and the change of mayor. They contain lots of meanings. Their experiences have influence on their performances and mayors' abilities will reflect local governments' performance. Local municipalities' performance through analysis on mayor's personal background will be an index for evaluating mayors' abilities. The method of measurement is to assess the fiscal accountability, anti-corruption, budget of human resource education and so on.

1.2 Development of Research Questions

Research Questions

RQ 1: Do mayor's characteristics affect on the financial performance in local government?

RQ 2: Do mayor's experiences affect on the financial performance in local government?

RQ 3: Do mayor's characteristics affect on the ethical management in local government?

RQ 4: Is it possible that mayor's performance could be evaluated by broad-scale empirical analysis?

RQ 5: Are the results of evaluation statistically significant?

RQ 6: Does the change of leadership affect on the financial performance in local government?

II. BACKGROUND OF STUDY

2.1 Conceptual Framework

The studies on the mayoral leadership in Korea were few in 1990s. At the time, local municipalities were governed by mayors or governors appointed by central government and all local councils were still dissolved by the provisional measures law for local autonomy since 1961. The political and managerial powers of local governments belonged to the central government. Moreover, appointed mayor's rank in official society was relatively low and the mayoral leadership didn't exist.

However, local administrative hierarchy in Korea was changed by the new local autonomy act in 1988. The election of the mayors and local councilors was held in 1995 several years after the revision of the local autonomy act and democratic local autonomy system was launched. It also tried to establish a clear-cut line between central and local government affairs and adjust the power of the local council. Mayors in local governments can manage a portion of provincial affairs such as local development projects, health care, local public enterprise, housing and encouragement of local economy. They can use or manage the local budget for their local development projects at their discretion. The budget reaches to the 20 percent of annual budget at the maximum.

Mayor's role is very important for a city and citizens. The financial conditions in local government hang to mayors' decisions. Some scholar majoring in public administration tried to write about the mayoral leadership in 2000s. Lee, Kim, Park and Adler (2003) discussed the effectiveness of different leadership styles in different national settings. They analyzed data on the leadership styles of 75 Korean and 78 New Zealand local government leaders and

concluded employees in Korea and in New Zealand were satisfied by and committed to their organizations in different leadership styles.

Choi (2006) concluded that desirable role of executives of metropolitan government are active driving forces by executing visions and ability to renovate organizations to adjust changing environments and to improve policy to ensure professionalism in human resource management. In addition, a positive effort to cut down expenses and to procure financial resources in internal management category also was regarded as an important role.

Park and Joo (2008) touched on the leadership of the mayors elected in local elections. They argued personal characteristics of the mayors on their leadership characteristics, policy preferences and the factors affecting their reelection. Policy preferences and the factors affecting mayor's reelection through personal characteristics were investigated by the empirical analysis.

Sung, Choi, and Im (2008) reached the conclusion that transformational leadership has much more of an effect on constitutional devotion than transactional leadership. The level of constitutional devotion is a key factor in organizational outcome and effectiveness increases.

Koh (2009) analyzed the patterns of mayor's leadership and showed the desirable type of leadership to increase organizational effectiveness. His result verifies that innovative type of leadership and entrepreneur type of leadership are preferred to increase organizational effectiveness and that administrative development reinforces the relations between leadership and organizational effectiveness.

Roh and Kim (2009) argued that the local government leadership influenced the job satisfaction and organizational commitment. They concluded that transformational leadership has more powerful influence on job satisfaction and organizational commitment than

transactional leadership. The charisma factor of transformational leadership and rewards factor are significant to organizational effectiveness.

Kim (2010) mentioned that different leadership of a local self-governing body demanded for the upcoming different period of the 21st century. Specially, a model of residents-centered governance is aptly to explain realities of the 21st century on the basis of a wide variety of values and cultures. Under this model, a creative leadership of values is going to be essential to cope with differences among residents.

Western scholars in public administration have argued the leadership of local government long ago. Western countries have a long history in the local autonomy. Ferman (1983) showed the case of Boston mayor White who developed a significant amount of power. He argued that White's role as a power accumulator, his ability to combine leadership strategies, his use of federal money and his shift from audience to constituency. The case of White's ability to acquire power pointed to the importance and necessity of political skills. The case demonstrated that leadership success is closely tied to the development of political organizations.

Wolman, Strate and Melchior (1996) have examined the impact of leadership change at the urban level on two important aspect of public policy –change in public spending per capita and change in priorities as measured by expenditure shares. The change was greater in these mayor-council cities when the newly elected mayor had defeated an incumbent than when he or she had won election following the retirement of the previous mayor.

Wheeland (2002) concluded the mayors in the forty largest cities in the United States increased their chances to be successful if they acted in ways that were compatible with the formal institutional features defining their jobs, because doing so followed the logic of

appropriateness and therefore preserved trust among officials and citizens; if they have the strongest version of either type of mayoral leadership; and if they are supported by other formal institutional features, such as a full-time salary.

Weikart (2003) alluded to the subject that the new public management (NPM) mayors of the 1990s sought to increase citizens' satisfaction with government and to reduce the costs of government. The major intended strategies to achieve those goals were managed competition between the public and private sectors, increased efficiency with an emphasis on measurement, privatization, and decentralization while empowering government employees.

Sakurai and Menezes-Filho (2008) reached the conclusion that mayors who spend more during their terms of office increase the probability of their own reelection or of a successor of the same political party. They used a new panel of more than 2,000 Brazilian municipalities from 1988 to 2000. However, there is a lack of research on the evaluation of mayor's performance in local government through analysis on his or her personal background.

2.2 Theoretical Foundations

The leader was defined as a Great Man who had some exceptional features of behavior and seen to have some identifiable traits of character which made him a great leader (Banner and Blasingame, 1988). To evaluate mayor's performance in local government through analysis on his or her personal background, the discussion about the leadership should be preceded. Mayor' performance comes true through his or her leadership because the leadership of mayor makes his or her outcomes in local government.

What is leadership? Stodgill states (1974) in his comprehensive review of leadership studies that “there are almost as many definitions of leadership as there are persons who have attempted to define the concept.” The leadership means like that in the dictionary.

“The position of being the leader of a team, organization, etc. or the quality of being good at leading a team, organization, country, etc. or all the people who lead a group, organization, etc. or the position of being in front of others in a competition.” (Longman Dictionary of Contemporary English , 1995)

Leadership is the investigation of how one individual, labeled as a leader, influences a second individual, or group of individuals, labeled followers (Yukl & Van Fleet, 1992 ; Douglas J. Brown, Kristyn A. Scott, Hayden Lewis , 2004).

Antonakis, Cianciolo and Sternberg (2004) defines leadership as the nature of the influencing process. They viewed its resultant outcomes that occurred between a leader and followers and the influencing process is explained by the leader’s dispositional characteristics and behaviors, follower perceptions and attributions of the leader.

At first, the leadership theory will be touched in this paper, because the evaluation of mayor’s performance stands on the basis of theory of leadership. The theory of leadership can be dated back to Plato, Sun Tzu and Machiavelli. Plato wants to emphasize the Ruler’s personal abilities to take good care of the State (Takala, 1998). Ruler can have an inherent talent for leadership, but he can also learn the skill to rule by his own personal vision, in spite of the rules and laws binding the common citizens. He thought that a true leader must have this charismatic trait, and also be able to apply it in practice on his own agenda.

Sun Tzu said that the general is the pillar of the State (Cantrell, 2003). If the pillar has mastered all points of war, the State will be strong and if the pillar is defective, the State will be weak. The enlightened ruler lays his plans well ahead and the good general cultivates his resources. Machiavelli would both see as critical the importance of supplying quality information to boards of directors, management or government at all levels to maintain one's environmental advantage through being able to advise decision makers on future options and priorities, and he would advocate an awareness of the strategic importance of access to decision makers and being able to influence management and government to gain such competitive advantage (Phil Harris, 2010).

Plato, Machiavelli and Sun Tzu touched on the leadership in the abstract. Leadership scholars researched the styles of leaders and divided their leadership styles. Antonakis, Cianciolo and Sternberg (2004) have divided leadership research into eight major schools: Trait, behavioral, contingency, contextual, skeptics, relational, new leadership and information processing School. Their distribution is a general method in academic society. They defined leader trait as relatively stable and coherent integrations of personal characteristics that foster a consistent pattern of leadership performance across a variety of group and organizational situations. These characteristics reflect a range of stable individual differences, including personality, temperament, motives, cognitive abilities, skills and expertise.

Specially, the leadership in public organization is important. The leadership in private organization is watched less than the leadership in public organization, seeing that the latter has more stakeholders. The public shows less tolerance for leaders' mistakes, foibles, and structural challenges as its skepticism has grown (Yankelovich, 1991). Moreover, comparing managers in cities of different size, Morgan and Watson find those working in larger

municipalities typically had less power than their smaller city peers (David R. Morgan, Sheilah S. Watson, 1992).

However, some theorists insisted that there is nothing to do with the leader and the organizational outcomes. Over the last few decades, strategy researchers have paid considerable attention to the question of how CEO origin (outsider versus insider) affects organizational outcomes. Without choice, CEOs can do little to influence firm outcomes (Hambrick and Finkelstein, 1987).

On the other hand, some theorists (Barnard, 1938) and many practitioners (Drucker 1954; Collins, 2001) have argued that leadership—especially in a firm’s senior positions— has an important impact on firm performance and survival at all levels. Organizations are often seen as a direct reflection of their CEO and top managers (Carpenter, Geletkanycz, & Sanders, 2004; Hambrick & Mason, 1984). Certain CEO characteristics, such as demographic background and career experiences, appear to be especially desirable for successfully managing the constantly evolving business environment (Beal & Yasai-Ardekani, 2000; Carpenter, Sanders, & Gregersen, 2001).

Alison Mackey (2008) argued that in certain settings the CEO effect on corporate-parent performance is substantially more important than that of industry and firm effects, but only moderately more important than industry and firm effects on business-segment performance. Takala (1998) discusses that management is seen as an activity which is especially typical of large corporations, but it is said that there is leadership in every organization, not only in business organizations. Zhang and Rajagopalan (2010) expected that the origin of the CEO

represents one important organizational condition that is likely to affect the relationship between the level of strategic change and firm performance.

Greater convergence with and usage of private sector business norms and practices raise questions on whether major private sector issues and concerns also translate to the public sector. One of the most probable explanations of why the financial measures were used mostly to explain the successor impact on organizational performance is that financial measures provide a common language for analysis and comparing companies (Verweire and van den Berghe, 2004).

Externally reported financial information is increasingly a barometer of performance and accountability with growing links to public sector managers' self-interests such as compensation and career development (Pilcher and Van der Zahn, 2010). Public sector management, therefore, have greater incentive to manipulate externally reported financial performance. Costs result from any instrument used to manipulate financial performance.

Prior private sector based empirical research identifies various motivations and desired outcomes from discretionary accrual management. For example, like private sector counterparts, public sector management may manage and manipulate discretionary accruals to achieve a pre-determined target.

As an increasing number of countries attempt to use the same accounting model in the public and private sectors, it is argued the continuing importance of the traditional public sector accounting approach is increasingly overlooked.

Management and manipulation of financial accounting information can no longer be seen as an issue specific to the private sector. Use of and reliance on accrual-based financial accounting information is increasing in the public sector. Furthermore, stakeholders

(particularly in countries like Australia and New Zealand) are increasingly utilizing accrual-based financial accounting information in the decision-making process on key issues related to the public sector.

III.HYPOTHESES DEVELOPMENT

In this paper, it will be tested whether the characteristics of mayors affect on the performance of local government. Theoretically, their relationship between mayor and their characteristics is close.

In the enterprises, the individual managerial factors emphasize the difference among CEOs and their ability to identify and take advantage of the leeway that environmental and organizational factors provide (Hambrick and Finkelstein, 1987). Leadership is an extremely important component of human performance and that research on the determinants of leadership performance is critical for understanding and improving organizational effectiveness. One important domain of the determinants of leadership performance is individual personality (Benson and Campbell, 2007).

3.1 Mayor's Career Experience

Mayor's previous experiences give him or her with cognitive biases and distinct knowledge which affect his or her strategic decisions. Mayor unconsciously learned the political and managerial judgment from his or her previous experiences.

Many of these researches started with a study by Dearborn and Simon (1958). They discussed that experience with the rewards, goals and methods of a particular functional area causes

managers to perceive and interpret information in ways that suit and reinforce their functional training. Hambrick and Mason (1984) argued that prior experience also influenced one's orientation to the external environment that affected CEO's strategy. Fischer and Pollock (2004) discussed that the experience of a CEO can have an effect on an organization's efficiency and its ability to attract customers and new investor capital. Koyuncu, Firfiray, Claes, and Hamori (2010) concluded that CEOs with a functional background in operations attain higher post-succession performance than CEOs with other functional backgrounds. They derived the result from analysis on a sample of 437 CEOs who lead large-sized U.S. firms in eight industries.

Therefore, it can be theoretically possible that mayor's professional career will affect the financial performance in local government.

H 1: Mayor's professional career will affect the financial performance in local government.

3.2 Mayor's Political spectrum

Political parties are regarded as 'beasts in the forest' in England and Germany seeing that they make binding decisions in camera (Copus, 2004). Central parties intervene in mayor's judgments and the local government affairs. Generally speaking, mayor complies with the central party's policy for his or her next election. In Germany, local councils were sometimes against parliamentarization and the replacement of local notables by party politicians but it was largely not successful (Gunlicks, 1986). On the other hand, in New York State partisan disputes are common and intense, even if mayoral and other candidates do not openly declare their partisanship at election time (Elcock, 2008).

Fenwick and Elcock (2005) examined the new leadership role in the English mayoral authorities. Even though the mayor is a party member, there is an independent approach to the exercise of power. The mayor who plays the role of manager also provides political roles. Whatever the mayor's relationship to local parties it is, the mayoral role is one of strong political management, too.

In this paper, the relationship between mayor's political spectrum and financial performance in local government will be argued.

H 2: Mayor's political spectrum will affect the financial performance in local government.

3.3 Mayor's Age Group

Age is a positive factor in terms of firm performance (Gottesman and Morey, 2010). Age changes an individual's belief systems, perspective and human networks. Older mayors tend to be less risk, whereas young mayors are more willing to chase innovative growth strategies and to handle creative ideas. These trends were theoretically proved by the several scholars. Firms with older CEOs tend to cut capital expenditure (Conyon and Florou, 2003). Older CEOs are more likely to engage in earnings management (Davidson, Xie, Xu, and Ning, 2007). Younger CEOs are physically and psychologically more energetic, less risk-averse, and faster to learn and make decisions (Wang and Davidson III, 2009).

H 3: Mayor's age will affect the financial performance in local government.

3.4 Mayor's Educational Background

Many scholars insist that the educational background of the CEO is not related to financial performance. Gottesman and Morey (2010) indicate that the educational background of the

CEO is not related to financial performance. They find that firms managed by CEOs with MBAs don't perform differently than firms with CEOs who hold non-liberal arts undergraduate degrees, law degrees, or liberal arts undergraduate degrees. They also find that firms run by CEOs from more selective schools perform no better than firms run by CEOs from less selective schools.

On the other hand, Norburn and Birley (1988) have examined the effect of the CEO's educational background on firm performance. Top management teams which demonstrate a preponderance of wider educational training will outperform those which do not.

H 4: Mayor's educational background will affect the financial performance in local government.

3.5 Mayor's Elected Times

Mayor's elected times is an important factor to measure the performance in local government. Mayor, who is elected twice or three times, is accustomed to his or her role and position seeing that he or she underwent trial and error in first tenure. On the other hand, newly-appointed mayor has no time to play a role as a mayor. Simsek (2007) argued that CEO tenure influenced performance through its influences on Top Management Team (TMT) risk taking and the firm's pursuit of entrepreneurial initiatives. CEO tenure had a positive net effect on TMT risk taking, rather than the inertial and complacent effects suggested by upper echelons and prospect theorists. Allgood and Farrell (2003) find that the hazard initially increases until the fifth year of CEO tenure and then decreases.

H 5: Mayor's elected times will affect the financial performance in local government.

3.6 Mayor's Political Experience as an Assemblyman

Lawmakers watch mayor and local government. They become to know the role of mayor. They experienced and leaned the mechanism of local council and government, too. Organization learning is a form of informational updating through which decision-makers develop an understanding of relationships between organization actions and outcomes (Levitt and March 1988; Fiol and Lyles 1985). It is similar to the relationship between outside CEO and inside CEO in the enterprise. Outsiders are those hired from outside the firm, and insiders are those promoted from within the firm. Outsiders are more likely to initiate change (Giambatista, Rowe and Riaz, 2005). On the other hand, insiders are more committed to the preservation of the status quo (Hambrick, Geletkanycz, and Fredrickson, 1993).

H 6: Mayor's political experience as a lawmaker will affect the financial performance in local government.

3.7 The Change of Mayor before the Termination of his or her Office

Mayor can be changed before the termination of his or her office because mayor resigns for several reasons. It's their decision to run for a member of the national assembly or for governor. Sometimes mayor resigns because of a judgment of a conviction.

CEO's cases in enterprise are a little different. But many scholars stated on this issue. CEO changes are typically associated with a reduction in the value of the firm.

Lieberson and O'Connor (1972) in a widely cited study, compare the impact of leadership changes on performance after controlling for yearly, industry and company influences. Using

profits, sales and profitability as their dependent performance variables, the authors found that environmental (macroeconomic) and organizational (prior performance) variables explained much more of the variance in performance than did leadership.

The choice of CEO is a key organizational decision with important implications for organization (Datta and Guthrie, 1994). Because of the CEO's impact on the organization, CEO succession is considered to be different from the turnover at lower levels.

H 7: The change of mayor before the termination of his or her office will affect the financial performance in local government.

IV. METHODOLOGY

4.1 Data collection

In spite of an enormous amount of discussion about leadership in public organization, there has been relatively little broad-scale empirical analysis. Specially, there were little statistical approaches to assess the leadership performance. Paper-and-pencil questionnaires have been the dominant means of measurement of leadership for most of the construct's development throughout the 20th century and into the present. The interview is just a popular technique used in gathering information and data pertaining to leadership, particularly in the organizational setting. However, paper-and-pencil questionnaires are limited for an objective mayoral evaluation.

In this paper, mayors of local municipalities in Korea are tested. There are 230 mayors in local municipalities in Korea. This study uses the data from biographic intelligence and to classify into small groups like profession, political party, age, educational background, elected times, ex-assemblyman and change of mayor. The biographic intelligence of mayors comes from Dong-a Daily News biographic intelligence and National Election Commission.

4.2 Mayor's specific characters in local government

Table 1: Mayor's Career Experience

Career	Officials	Politicians	Businessmen	Professional	Total
Mayors	111	49	47	23	230

Most of mayors had their job before taking their position. Lots of public officials tried to be a mayor after their retirement. Some Politicians, who was a lawmaker in congress or local assembly, lawmaker's aide and employees in political parties, wanted to be a mayor. And many businessmen also want to be a politician. Sometimes medical doctors, pharmacists and attorneys want to take part in city administration. Some of mayors had several jobs before taking their position. In this case,

Table 2: Mayor's Political Spectrum

Party	Grand National Party	Democratic Party	Liberty Forward Party	Independent	Total
Mayors	151	41	7	31	230

Political parties have their own propensity in policy and local governance. Mayors are affected by their party's policies, because Parties controls their mayors. Grand National Party is more conservative than Democratic Party. GNP is friendly to the market. Liberty forward party is also a conservative party. Independent mayors show their character in governance.

Table 3: Mayor's Age Group

Age Group	41~50 years	51~60 years	Over 61 years	Total
Mayors	40	121	69	230

For the policy the age is important issue. The older mayor has many experiences and they use them for cities. But the younger mayors have passion and ambition. They can easily drive their works. Their differences give affection on their outputs.

Table 4: Mayor’s Educational background

Educational Background	Under high school graduation	Over high school graduation ~Bachelor	Master	Ph. D.	Total
Mayors	33	83	76	38	230

Educational background is an important factor to mayor valuation. Citizens are in constant search of capable managers who will increase city value and the level of welfare policy. If the mayor took a good educational background, for example PhD degree, the educational background could effect on the effectiveness of management. It can address the efficacy of higher education. Therefore, one of the few mayor characteristics that are publicly available is the mayor’s educational background.

Table 5: Mayor’s Elected Times

Elected Times	First Time	Second Time	Third Time	Total
Mayors	125	82	23	230

The elected times for the mayor can be an important factor for the effectiveness of management. Mayor’s term is 4 years. During his previous term in office he learned how to manage the public administration. He can do his plans permanently and build long-term projects for the city. On the contrary, mayor can fall into mannerism in the third term. His or her previous term can be a medicine or a poison.

Table 6: Mayor’s Political Experience as an Assemblyman

Political Experience	Non-Assemblymen	Ex-Assemblymen	Total
Mayors	165	65	230

Ex-Assemblymen have worked for municipal government. They experienced naturally in the period of assemblyman and know how to manage the local government. They watched the mistakes of an executive organization and the case of success in public projects. The period of assemblyman is a training course for mayor.

Table 7: The change of mayor before the termination of his or her office

The change of mayor	Non-Change	Change	Total
Mayors	200	30	230

If a mayor was changed while in office, the municipality could lose a sense of stability. The change of governance means the alteration of public plan and management team and long-term plan of the city could be spoiled. Mayor change could be a negative effect on the municipality management.

4.3 Tools for Evaluating the Ability of Mayors

Evaluating mayors mainly focused on the ability of financial management. As a role of CEO, mayors should manage the finance of municipalities. In this paper the lower level of local government, municipal cities (Si), rural districts (Gun) and autonomous urban districts (Gu), will be treated.

The financial size of municipalities (lower local level) is like a middle-size company in Korea. The budget of it is from about 600,000 million to over 200,000 million won in a year.

Evaluated tools for mayor's performances are divided into 4 parts. First, the fiscal soundness in local municipalities means a balance between expenditures and revenues. Second, the efficiency of local public finance indicates the ability of mayor's management skill. The efficiency in public sector is to increase efficiency in allocation of resources, to empower local governments, and to grow regional economy. Third, the financial planning quality in local municipality shows their level of financial planning ability.

The Fiscal Soundness in Local Governments

The fiscal soundness means that a fiscal body maintains in a sound manner. It mentions the balance between expenditures and revenues and managing the expenditures within the limit of the revenues. The financial balance is a significant responsibility to local mayor. He or she should be accountable for promoting autonomous and sound operation of fiscal policies in local municipality. The principle of responsibility refers to disciplined budget execution within the appropriated amount. In generally, fiscal soundness takes on the basic principle of modern budget execution.

The Efficiency of Local Public Finance

The goal of financial efficiency in local government is to increase effectiveness in allocation of resources to empower local governments and to grow regional economy. Most of the local municipalities have been required to find more effective financial ways to manage financial problems which they are faced. Local municipalities should not only operate their finance

efficiently but also secure local finance. Fiscal decentralization in expenditure was measured by a ratio of own business budget and it means that local government's prudence in expenditure of their own business. Mayors should be required to manage the efficiency of public finance in local municipalities. It is their authority and responsibility. The mayor's fiscal ability encourages autonomously fund-raising and increasing usable ratio of local taxes for free purpose.

The Financial Planning in Local Governments

The financial planning is a way to evaluate the accord between the plan and the budget in local government. If the local municipality plans public development projects, the eternity of the projects is an important factor for the success. Mayor builds the mid-term financial plan and tries to make accordance with the comprehensive plan, the investment review system and budget. However, the financial planning process is often not open to stakeholders. The development plan includes a list of projects proposed by public officials without a thorough review process and inefficient investment decisions are made. There are limitations when incorporating the comprehensive plan into the financial plan because the comprehensive plan is too abstract and unrealistic. The allocation of financial resources among various sectors and the timing of projects should be determined, because the medium-term financial plan should deal with multi-year investment projects, excluding various expenses. The mayor needs strategic abilities to manage financial status in local municipality for the mid and long term.

The Other Issues for Evaluating Mayor's Abilities

The other indexes are Integrity Assessment and the education and training expenditures. These indexes are important factors to manage both public and private organization. They are

tools for evaluating ethical management and the human resource management. Ethical management is the key to health for the public organization and sustained organizational growth and performance. The investment in education and training is a strategic human resource management for public organization.

V. DATA ANALYSIS

5.1 The Fiscal Soundness in Local Governments

5.1.1 The Effort Index of Fiscal Self-Reliance Ratio

The fiscal self-reliance ratio is calculated as a proportion of internal financing revenue to total revenue. It is one of the most significant indicators standing for the financial status of local governments. Central government provides financial aid to local governments because of their dependent financial structure. Special grant from central government takes a key role as a policy instrument to deal with the problems. However, local governments should have to pursue their financial independence against the central government and it is an important role to mayors. The ratio measures how independent the local governments are from the central government's subsidies. A high ratio means a good financial state. Mayors should work at rational spending under cautious budgetary strategies to match earnings and expenses. In this thesis, the fiscal self-reliance ratio is assessed by the average of annually change rate on the fiscal self-reliance ratio by the data of Ministry of Public Administration and Security (MOPAS) from 2006 to 2010.

Table 8: The Effort Index of Fiscal Self-Reliance Ratio through Analysis on Mayor's Career Experience

Officials	Politicians	Businessmen	Professionals
1.006630288	0.997243367	1.004608723	1.000645348

The change rates of Fiscal Self-Reliance Ratio are almost the same. There are no differences among each mayor's group score. Fiscal Self-Reliance Ratio is a difficult index to be changed

because mayors could not increase or decrease financial status for short period. . Fiscal Self-Reliance Ratio partly means a kind of residents’ wealth barometer in the region.

Table 9: Statistical Significance Test about the Effort Index of Fiscal Self-Reliance Ratio through Analysis on Mayor’s Career Experience

ANOVA

RELIANCE

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.006	3	.002	.675	.568
Within Groups	.658	226	.003		
Total	.664	229			

However, the result is statistically non-significant.

Table 10: The Effort Index of Fiscal Self-Reliance Ratio through Analysis on Mayor’s Political Spectrum

Grand National Party	Democratic Party	Liberty Party	Forward	Independent
0.996330265	1.007923659	1.027269857		1.028087452

Political spectrums didn’t effect on the fiscal self-reliance ratio. There are no differences among each mayor’s group score. Fiscal Self-Reliance Ratio partly means a kind of residents’ wealth barometer in the region. Whatever may be party, their political spectrums didn’t mean.

Table 11: Statistical Significance Test about the Effort Index of Fiscal Self-Reliance Ratio through Analysis on Mayor’s Political Spectrum

ANOVA

RELIANCE					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.017	1	.017	6.016	.015
Within Groups	.647	228	.003		
Total	.664	229			

However, the result is statistically non-significant.

Table 12: The Effort Index of Fiscal Self-Reliance Ratio through Analysis on Mayor’s Age group

41~50 years old	51~60 years old	Over 61 years old
1.00069585	1.002727785	1.006876

Mayors’ age didn’t effect on the fiscal self-reliance ratio. There are no differences among each mayor’s group score.

Table 13: Statistical Significance Test about the Effort Index of Fiscal Self-Reliance Ratio through Analysis on Mayor’s Age group

ANOVA

RELIANCE					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.000	2	.000	.022	.979
Within Groups	.664	227	.003		
Total	.664	229			

However, the result is statistically non-significant.

Table 14: The Effort Index of Fiscal Self-Reliance Ratio through Analysis on Mayor's Educational background

Under high school graduation	Over high school graduation ~Bachelor	Master	Ph D
1.024886788	1.003903759	0.998340605	0.995083632

Mayors' educational background didn't effect on the fiscal self-reliance ratio. There are no differences among each mayor's group score.

Table 15: Statistical Significance Test about the Effort Index of Fiscal Self-Reliance Ratio through Analysis on Mayor's Educational background

ANOVA

RELIANCE

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.032	3	.011	3.832	.011
Within Groups	.632	226	.003		
Total	.664	229			

Moreover, the result is statistically significant.

Table 16: The Effort Index of Fiscal Self-Reliance Ratio through Analysis on Mayor's Elected Times

First Time	Second Time	Third Time
0.999281248	1.008232841	1.010743087

Mayors' elected times didn't effect on the fiscal self-reliance ratio. There are no differences among each mayor's group score.

Table 17: Statistical Significance Test about the Effort Index of Fiscal Self-Reliance Ratio through Analysis on Mayor's Elected Times

ANOVA

RELIANCE

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.000	2	.000	.056	.946
Within Groups	.663	227	.003		
Total	.664	229			

However, the result is statistically non-significant.

Table 18: The Effort Index of Fiscal Self-Reliance Ratio through Analysis on Mayor's Political Experience as an Assemblyman

Non-Assemblyman	Ex-Assemblyman
1.004994545	1.000126769

Mayors' experience as a member of local council didn't effect on the fiscal self-reliance ratio.

There are no differences among each mayor's group score.

Table 19: Statistical Significance Test about the Effort Index of Fiscal Self-Reliance Ratio through Analysis on Mayor’s Political Experience as an Assemblyman

ANOVA

RELIANCE

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.000	1	.000	.001	.970
Within Groups	.664	228	.003		
Total	.664	229			

However, the result is statistically non-significant.

Table 20: The Effort Index of Fiscal Self-Reliance Ratio through Analysis on The change of mayor before the termination of his or her office

Non-Change	Change
1.00072415	1.022917

The change of mayor didn’t effect on the fiscal self-reliance ratio. There are no differences among each mayor’s group score.

Table 21: Statistical Significance Test about the Effort Index of Fiscal Self-Reliance Ratio through Analysis on The change of mayor before the termination of his or her office

ANOVA

RELIANCE

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.007	1	.007	2.579	.110
Within Groups	.656	228	.003		
Total	.664	229			

However, the result is statistically non-significant.

5.1.2 The degree of the local government's financial independence

The degree of the local government's financial independence is a portion of independent revenue to total revenue. Independent revenue is composed of internal financing (local tax and non-ordinary taxable income amount) and revenue for undetermined purposes from central government (exchequer equalization grants, financial conserved amount and adjustment grant). A high ratio means a good financial state for mayors to manage more budgets at their mind. Mayors should work at securing more internal financing and receiving more revenue for undetermined purposes. Rational spending under cautious budgetary strategies is also a duty of mayors to match earnings and expenses. In this thesis, the evaluating index is assessed by the average of annually change rate on the degree of the local government's financial independence by the data of Ministry of Public Administration and Security (MOPAS) from 2006 to 2010.

Table 22: The degree of the local government's financial independence through Analysis on Mayor's Career Experience

Officials	Politicians	Businessmen	Professionals
0.97497264	0.962360102	0.975949064	0.974417043

The degree change rates of the local government's financial independence are almost the same. Profession didn't effect on the degree of local government's financial independence. There are no differences among each mayor's group score. Therefore, profession is meaningless factor to evaluate mayors' financial performance.

Table 23: Statistical Significance Test about the degree of the local government’s financial independence through Analysis on Mayor’s Career Experience

ANOVA

AUTONOMY

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.006	3	.002	2.804	.041
Within Groups	.171	226	.001		
Total	.177	229			

Moreover, the result is statistically significant.

Table 24: The degree of the local government’s financial independence through Analysis on Mayor’s Political Spectrum

Grand National Party	Democratic Party	Liberty Party	Forward	Independent
0.970917119	0.973420561	0.977181143		0.977413226

The results are almost the same. Party didn’t effect on the degree of local government’s financial independence. There are no differences among each mayor’s group score. Therefore, party is meaningless factor to evaluate mayors’ financial performance.

Table 25: Statistical Significance Test about the degree of the local government’s financial independence through Analysis on Mayor’s Political Spectrum

ANOVA

AUTONOMY

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.001	1	.001	1.301	.255
Within Groups	.176	228	.001		
Total	.177	229			

However, the result is statistically non-significant.

Table 26: The degree of the local government’s financial independence through Analysis on Mayor’s Age group

41~50 years old	51~60 years old	Over 61 years old
0.9693318	0.974192256	0.971134362

The results are almost the same. Mayors’ age didn’t effect on the degree of local government’s financial independence. There are no differences among each mayor’s group score. Therefore, age is meaningless factor to evaluate mayors’ financial performance.

Table 27: Statistical Significance Test about the degree of the local government’s financial independence through Analysis on Mayor’s Age group

ANOVA

AUTONOMY

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.001	2	.000	.564	.570
Within Groups	.176	227	.001		
Total	.177	229			

However, the result is statistically non-significant.

Table 28: The degree of the local government’s financial independence through Analysis on Mayor’s Educational background

Under high school graduation	Over high school graduation ~Bachelor	Master	Ph D
0.985490424	0.971486711	0.970622395	0.966761132

The results are almost the same. Mayors’ educational background didn’t effect on the degree of local government’s financial independence. There are no differences among each mayor’s group score. Therefore, educational background is meaningless factor to evaluate mayors’ financial performance.

Table 29: Statistical Significance Test about the degree of the local government’s financial independence through Analysis on Mayor’s Educational background

ANOVA

AUTONOMY					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.007	3	.002	3.178	.025
Within Groups	.170	226	.001		
Total	.177	229			

Moreover, the result is statistically significant.

Table 30: The degree of the local government’s financial independence through Analysis on Mayor’s Elected Times

First Time	Second Time	Third Time
0.971780792	0.975109488	0.966401261

The results are almost the same. Mayors’ elected times didn’t effect on the degree of local government’s financial independence. There are no differences among each mayor’s group score. Therefore, elected times is meaningless factor to evaluate mayors’ financial performance.

Table 31: Statistical Significance Test about the degree of the local government’s financial independence through Analysis on Mayor’s Elected Times

ANOVA

AUTONOMY

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.001	2	.001	.954	.387
Within Groups	.176	227	.001		
Total	.177	229			

However, the result is statistically non-significant.

Table 32: The degree of the local government’s financial independence through Analysis on Mayor’s Political Experience as an Assemblyman

Non-Assemblyman	Ex-Assemblyman
0.972003085	0.973512262

The results are almost the same. Mayors’ political experience didn’t effect on the degree of local government’s financial independence. There are no differences among each mayor’s

group score. Therefore, political experience is meaningless factor to evaluate mayors' financial performance.

Table 33: Statistical Significance Test about the degree of the local government's financial independence through Analysis on Mayor's Political Experience as an Assemblyman

ANOVA

AUTONOMY

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.000	1	.000	.137	.712
Within Groups	.177	228	.001		
Total	.177	229			

However, the result is statistically non-significant.

Table 34: The degree of the local government's financial independence through Analysis on The change of mayor before the termination of his or her office

Non-Change	Change
0.971770375	0.976824367

The results are almost the same. The change of mayor didn't effect on the degree of local government's financial independence. There are no differences among each mayor's group score. Therefore, the change of mayor is meaningless factor to evaluate mayors' financial performance.

Table 35: Statistical Significance Test about the degree of the local government’s financial independence through Analysis on The change of mayor before the termination of his or her office

ANOVA

AUTONOMY					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.001	1	.001	.861	.355
Within Groups	.177	228	.001		
Total	.177	229			

However, the result is statistically non-significant.

5.1.3 Increasing rate of Internal Financing

The ratio of internal financing is proportion of received amount to closing amount. The municipal internal financing is composed of local tax and non-ordinary taxable income amount. The local taxes are essential revenue sources of local government and are collected by local municipalities. Local taxes are acquisition tax, property tax, registration & license tax, regional resource & facility tax, motor vehicle tax, resident tax, local income tax, local consumption tax, tobacco consumption tax, leisure tax and local education tax. Non-ordinary taxable incomes amount are user charges, rents, fees and so on. Non-ordinary taxable income plays a vital role in financing local governments since it is self-financed revenue like local taxes. Local municipalities can control non-ordinary taxable income amount at their willingness, however, it is difficult to forecast accurately the size of it. The index of internal financing demonstrates the municipal’s capacity to make money on its own duty and the financial stable condition to grow. The aptitude of mayor was assessed to increase local tax and non-ordinary taxable income amount. In this thesis, the internal Financing is calculated the average of annually change rate on internal financing by the data of Ministry of Public Administration and Security (MOPAS) from 2006 to 2010.

Table 36: Increasing rate of Internal Financing through Analysis on Mayor’s Career Experience

Public Officials	Politicians	Businessmen	Professionals
7.853477477	8.24155102	8.193223404	7.707217391

The internal financing is composed of local tax and income and it is a kind of index which shows their effort for increasing budget. Politicians and Businessmen made more effort for internal financing than other career groups. Businessmen are basically good at collecting more money. However, it is an interesting result that politicians makes effort to make more money. On the other hand public officials and professionals are weak at securing more money.

Table 37: Statistical Significance Test about Increasing rate of Internal Financing through Analysis on Mayor’s Career Experience

ANOVA

SELFTAX

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	31.155	3	10.385	.419	.739
Within Groups	5595.815	226	24.760		
Total	5626.969	229			

However, the result is statistically non-significant.

Table 38: Increasing rate of Internal Financing through Analysis on Mayor’s Political Spectrum

Grand National Party	Democratic Party	Liberty Forward Party	Independent
8.21231457	7.191170732	7.282857143	8.130387097

Mayors who belong to a ruling party, Grand National Party, take more local tax and non-ordinary taxable income amount. The opposition parties, Democratic Party and Liberty Forward Party, get fewer incomes. Gap between GNP and DP are 12.5% points. GNP’s mayors are close to the central government, therefore they make more internal financing.

Table 39: Statistical Significance Test about Increasing rate of Internal Financing through Analysis on Mayor’s Political Spectrum

ANOVA

SELFTAX

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	22.000	1	22.000	.895	.345
Within Groups	5604.969	228	24.583		
Total	5626.969	229			

However, the result is statistically non-significant.

Table 40: Increasing rate of Internal Financing through Analysis on Mayor’s Age group

41~50 years old	51~60 years old	Over 61 years old
8.1471	7.737632231	8.344666667

Older mayors make more internal financing.

Table 41: Statistical Significance Test about Increasing rate of Internal Financing through Analysis on Mayor’s Age group

ANOVA

SELFTAX

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	41.506	2	20.753	.843	.432
Within Groups	5585.463	227	24.606		
Total	5626.969	229			

However, the result is statistically non-significant.

Table 42: Increasing rate of Internal Financing through Analysis on Mayor’s Educational background

Under high school graduation	Over high school graduation ~Bachelor	Master	Ph D
9.779030303	7.591656627	7.796052632	7.700105263

Mayors who graduated under high school extraordinarily take high score in educational background part. They take more 25.4% points than any other mayors. It is an interesting result. In this result, educational background didn’t effect on the internal financing. The contrary is rather to be supposed.

Table 43: Statistical Significance Test about Increasing rate of Internal Financing through Analysis on Mayor’s Educational background

ANOVA

SELFTAX

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	191.410	3	63.803	2.653	.049
Within Groups	5435.559	226	24.051		
Total	5626.969	229			

Moreover, the result is statistically significant.

Table 44: Increasing rate of Internal Financing through Analysis on Mayor’s Elected Times

First Time	Second Time	Third Time
7.656668	8.426878049	8.253565217

Mayors who are elected more twice earn local tax and non-ordinary taxable income amount. It could be a half-baked result that they have more ability to make money. However, during their previous term in office they could learn how to manage financial administration.

Table 45: Statistical Significance Test about Increasing rate of Internal Financing through Analysis on Mayor’s Elected Times

ANOVA

SELFTAX

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	58.365	2	29.183	1.190	.306
Within Groups	5568.604	227	24.531		
Total	5626.969	229			

However, the result is statistically non-significant.

Table 46: Increasing rate of Internal Financing through Analysis on Mayor’s Political Experience as an Assemblyman

Non-Assemblyman	Ex-Assemblyman
7.799124242	8.477907692

Mayors who experience the role of lawmaker take more score for internal financing. They naturally learned the process of financial system in local government in the period of assemblyman. Their experiences helped to retain more income.

Table 47: Statistical Significance Test about Increasing rate of Internal Financing through Analysis on Mayor’s Political Experience as an Assemblyman

ANOVA

SELFTAX					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	34.136	1	34.136	1.392	.239
Within Groups	5592.833	228	24.530		
Total	5626.969	229			

However, the result is statistically non-significant.

Table 48: Increasing rate of Internal Financing through Analysis on The change of mayor before the termination of his or her office

Non-Change	Change
7.93235	8.38165

If a mayor was changed while in office, it is presumed that the municipality could lose a sense of stability. However, the result in internal financing is reverse. Local government in

which mayors were changed collect more internal financing. Therefore, the relation between leadership change and internal financing is meaningless.

Table 49: Statistical Significance Test about Increasing rate of Internal Financing through Analysis on The change of mayor before the termination of his or her office

ANOVA

SELFTAX

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	40.555	1	40.555	1.655	.200
Within Groups	5586.414	228	24.502		
Total	5626.969	229			

However, the result is statistically non-significant.

5.2 The Efficiency of Local Public Finance

5.2.1 The local tax collection rate

The local tax collection rate is the ratio of the amount received to the target amount. The local tax revenue plays an important role in the local public financial status because mayors can manage budgets at their mind. Therefore, a high ratio means a good financial state for the local municipalities. The improvement factors of local tax collection rates are categorized into three types as law and institutional arrangement, swift property and bond security and correct local tax bill sending. The high ratio is an index to evaluate mayors. In this thesis, the evaluating index is assessed by the average of annually change rate on the local tax collection from the data of Ministry of Public Administration and Security (MOPAS) from 2006 to 2010.

Table 50: The local tax collection rate through Analysis on Mayor’s Career Experience

Public Servant	Politician	Businessman	Professional job
0.998670207	0.999962714	0.999628043	0.999091174

The results are almost the same. The profession of mayor didn’t effect on the local tax collection rate. There are no differences among each mayor’s group score. Therefore, the profession of mayor is meaningless factor to evaluate mayors’ financial performance.

Table 51: Statistical Significance Test about the local tax collection rate through Analysis on Mayor’s Career Experience

ANOVA

LOCALTAX

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.000	3	.000	.421	.738
Within Groups	.008	226	.000		
Total	.008	229			

However, the result is statistically non-significant.

Table 52: The local tax collection rate through Analysis on Mayor’s Political Spectrum

Grand National Party	Democratic Party	Liberty Forward Party	Independent
0.999226185	1.000172488	0.996344286	0.998307903

The results are almost the same. The party of mayor didn’t effect on the local tax collection rate. There are no differences among each mayor’s group score. Therefore, the party of mayor is meaningless factor to evaluate mayors’ financial performance.

Table 53: Statistical Significance Test about the local tax collection rate through Analysis on Mayor’s Political Spectrum

ANOVA

LOCALTAX

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.001	1	.001	21.545	.000
Within Groups	.008	228	.000		
Total	.008	229			

Moreover, the result is statistically significant.

Table 54: The local tax collection rate through Analysis on Mayor’s Age group

41~50 years old	51~60 years old	Over 61 years old
0.999668125	0.990959254	0.99896271

The results are almost the same. The age of mayor didn’t effect on the local tax collection rate. There are no differences among each mayor’s group score. Therefore, the age of mayor is meaningless factor to evaluate mayors’ financial performance.

Table 55: Statistical Significance Test about the local tax collection rate through Analysis on Mayor’s Age group

ANOVA

LOCALTAX

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.000	2	.000	.527	.591
Within Groups	.008	227	.000		
Total	.008	229			

However, the result is statistically non-significant.

Table 56: The local tax collection rate through Analysis on Mayor’s Educational background

Under high school graduation	Over high school graduation ~Bachelor	Master	Ph D
0.996995697	0.999315181	0.999900908	0.999360368

The results are almost the same. The educational background of mayor didn’t effect on the local tax collection rate. There are no differences among each mayor’s group score. Therefore, the educational background of mayor is meaningless factor to evaluate mayors’ financial performance.

Table 57: Statistical Significance Test about Increasing the local tax collection rate through Analysis on Mayor’s Educational background

ANOVA

LOCALTAX

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.000	3	.000	4.356	.005
Within Groups	.008	226	.000		
Total	.008	229			

Moreover, the result is statistically significant.

Table 58: The local tax collection rate through Analysis on Mayor’s Elected Times

First Time	Second Time	Third Time
0.999367568	0.998612427	1.000218087

The results are almost the same. The elected times of mayor didn't effect on the local tax collection rate. There are no differences among each mayor's group score. Therefore, the elected times of mayor is meaningless factor to evaluate mayors' financial performance.

Table 59: Statistical Significance Test about the local tax collection rate through Analysis on Mayor's Elected Times

ANOVA

LOCALTAX

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.000	2	.000	1.220	.297
Within Groups	.008	227	.000		
Total	.008	229			

However, the result is statistically non-significant.

Table 60: The local tax collection rate through Analysis on Mayor's Political Experience as an Assemblyman

Non-Assemblyman	Ex-Assemblyman
0.999064145	0.999486108

The results are almost the same. The lawmaker experience of mayor didn't effect on the local tax collection rate. There are no differences among each mayor's group score. Therefore, the lawmaker experience of mayor is meaningless factor to evaluate mayors' financial performance.

Table 61: Statistical Significance Test about the local tax collection rate through Analysis on Mayor’s Political Experience as an Assemblyman

ANOVA

LOCALTAX

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.000	1	.000	.098	.754
Within Groups	.008	228	.000		
Total	.008	229			

However, the result is statistically non-significant.

Table 62: The local tax collection rate through Analysis on The change of mayor before the termination of his or her office

Non-Change	Change
0.99916328	0.9993175

The results are almost the same. The change of mayor didn’t effect on the local tax collection rate. There are no differences among each mayor’s group score. Therefore, the change of mayor is meaningless factor to evaluate mayors’ financial performance.

Table 63: Statistical Significance Test about the local tax collection rate through Analysis on The change of mayor before the termination of his or her office

ANOVA

LOCALTAX

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.000	1	.000	3.666	.057
Within Groups	.008	228	.000		
Total	.008	229			

Moreover, the result is statistically significant.

5.2.2 The ratio of labor cost on internal financing

The ratio of labor cost on internal financing is the proportion of labor cost to internal financing. It is one of indexes for financial efficiency in local government. CEOs in the corporation make an effort to decrease labor cost. Like that, mayor in local government strives to cut down personnel expenditure. Since 2007, the system of human resources affairs in local organizations was converted from the standard quota system to the total labor cost system to strengthen autonomy of managing organizations. Local government takes more power to decrease labor cost and increase internal financing by itself. Mayors should work at rational spending under cautious budgetary strategies to cut down public budget. The ratio measures how efficient the local governments meet their expenses. A low ratio means a good financial state. In this thesis, the ratio index is assessed by the average of annually change rate on of labor cost on internal financing by the data of Ministry of Public Administration and Security (MOPAS) from 2007 to 2010.

Table 64: The ratio of labor cost on internal financing through Analysis on Mayor's Career Experience

Officials	Politicians	Businessmen	Professionals
1.008463766	1.001188286	1.019483191	1.04053187

The results were almost the same. Mayor's profession didn't effect on the ratio of labor cost on internal financing. There were few differences and tendencies among each mayor's group score. Therefore, profession of mayor is a meaningless factor to evaluate mayors' financial performance.

Table 65: Statistical Significance Test about the ratio of labor cost on internal financing through Analysis on Mayor’s Career Experience

ANOVA

SELFBUD

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.028	3	.009	1.655	.178
Within Groups	1.295	226	.006		
Total	1.323	229			

However, the result is statistically non-significant.

Table 66: The ratio of labor cost on internal financing through Analysis on Mayor’s Political Spectrum

Grand National Party	Democratic Party	Liberty Party	Forward	Independent
1.008755517	1.011064683	0.997608143		1.035053387

The results were almost the same. Mayor’s political spectrum didn’t effect on the ratio of labor cost on internal financing. There were few differences and tendencies among each mayor’s group score. Therefore, political spectrum of mayor is a meaningless factor to evaluate mayors’ financial performance.

Table 67: Statistical Significance Test about the ratio of labor cost on internal financing through Analysis on Mayor’s Political Spectrum

ANOVA

SELFBUD

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.006	1	.006	.995	.319
Within Groups	1.317	228	.006		
Total	1.323	229			

However, the result is statistically non-significant.

Table 68: The ratio of labor cost on internal financing through Analysis on Mayor's Age group

41~50 years old	51~60 years old	Over 61 years old
1.017832625	1.01201862	1.009827377

The results were almost the same. Mayor's age didn't effect on the ratio of labor cost on internal financing. There were few differences and tendencies among each mayor's group score. Therefore, age of mayor is a meaningless factor to evaluate mayors' financial performance.

Table 69: Statistical Significance Test about the ratio of labor cost on internal financing through Analysis on Mayor's Age group

ANOVA

SELFBUD

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.002	2	.001	.142	.868
Within Groups	1.321	227	.006		
Total	1.323	229			

However, the result is statistically non-significant.

Table 70: The ratio of labor cost on internal financing through Analysis on Mayor's Educational background

Under high school graduation	Over high school graduation ~Bachelor	Master	Ph D
1.000499394	1.024325349	1.012035092	0.997249895

The results were almost the same. Mayor’s educational background didn’t effect on the ratio of labor cost on internal financing. There were few differences and tendencies among each mayor’s group score. Therefore, educational background of mayor is a meaningless factor to evaluate mayors’ financial performance.

Table 71: Statistical Significance Test about the ratio of labor cost on internal financing through Analysis on Mayor’s Educational background

ANOVA

SELFBUD

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.025	3	.008	1.463	.225
Within Groups	1.298	226	.006		
Total	1.323	229			

However, the result is statistically non-significant.

Table 72: The ratio of labor cost on internal financing through Analysis on Mayor’s Elected Times

First Time	Second Time	Third Time
1.012720008	1.011957402	1.011962565

The results were almost the same. Mayor’s elected times didn’t effect on the ratio of labor cost on internal financing. There were few differences and tendencies among each mayor’s group score. Therefore, elected times of mayor is a meaningless factor to evaluate mayors’ financial performance.

Table 73: Statistical Significance Test about the ratio of labor cost on internal financing through Analysis on Mayor’s Elected Times

ANOVA

SELFBUD

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.000	2	.000	.003	.997
Within Groups	1.323	227	.006		
Total	1.323	229			

However, the result is statistically non-significant.

Table 74: The ratio of labor cost on internal financing through Analysis on Mayor’s Political Experience as an Assemblyman

Non-Assemblymen	Ex-Assemblymen
1.0113126	1.015062585

The results were almost the same. Mayor’s experience as a lawmaker didn’t effect on the ratio of labor cost on internal financing. There were few differences and tendencies among each mayor’s group score. Therefore, experience as a lawmaker of mayor is a meaningless factor to evaluate mayors’ financial performance.

Table 75: Statistical Significance Test about the ratio of labor cost on internal financing through Analysis on Mayor’s Political Experience as an Assemblyman

ANOVA

SELFBUD

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.001	1	.001	.113	.737
Within Groups	1.322	228	.006		
Total	1.323	229			

However, the result is statistically non-significant.

Table 76: The ratio of labor cost on internal financing through Analysis on The change of mayor before the termination of his or her office

Non-Change	Change
1.010978165	1.021667133

The results were almost the same. The change of mayor in the termination of his or her office didn't effect on the ratio of labor cost on internal financing. There were few differences and tendencies among each mayor's group score. Therefore, the change of mayor is a meaningless factor to evaluate mayors' financial performance.

Table 77: Statistical Significance Test about the ratio of labor cost on internal financing through Analysis on The change of mayor before the termination of his or her office

ANOVA

SELFBUD

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.003	1	.003	.515	.474
Within Groups	1.320	228	.006		
Total	1.323	229			

However, the result is statistically non-significant.

5.2.3 The rate of event and festival expenditures

The rate of event and festival expenditures is a portion of event and festival expenditures to total expenditures. The local events and festivals financed by local municipalities can entertain citizens free of charge and boost up local economy. Almost every local government

manages their own distinctive event and festival. However, local events and festival have a negative side. Local governments which lack of managing ability keep running several permanent events and festivals for their voters in the next local election in spite of their financial crisis. The current problems of Korean regional festivals are the absence of strategic planning, insufficiency of management system, lack of individuality, shortage of local residents and the tourists. Ministry of Public Administration and Security (MOPAS) highly recommends local municipalities to decrease the event and festival expenditures. A low ratio means a good financial state for the local municipalities. In this thesis, the evaluating index is assessed by the average of annually change rate on the rate of event and festival expenditures from the data of MOPAS from 2006 to 2010.

Table 78: The rate of event and festival expenditures through Analysis on Mayor's Career Experience

Officials	Politicians	Businessmen	Professionals
1.034540018	1.049188408	1.100440064	1.046674609

The high-rate of event and festival expenditures is a negative index. Mayors who were businessmen spent more budgets for event and festival than other mayors. Other mayors made an increase of 4 % over that of last year. However, businessmen made an increase of 10% over that of last year.

Table 79: Statistical Significance Test about the rate of event and festival expenditures through Analysis on Mayor’s Career Experience

ANOVA

EVENT

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.145	3	.048	2.377	.071
Within Groups	4.600	226	.020		
Total	4.745	229			

Moreover, the result is statistically significant.

Table 80: The rate of event and festival expenditures through Analysis on Mayor’s Political Spectrum

Grand National Party	Democratic Party	Liberty Forward Party	Independent
1.066341166	1.029421854	1.008407714	1.024377645

Members of Grand National Party spent more money for local event and festival. The gap between GNP and Democratic Party is almost 4%. It means that Democrats saved more local budgets.

Table 81: Statistical Significance Test about the rate of event and festival expenditures through Analysis on Mayor’s Political Spectrum

ANOVA

EVENT

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.086	1	.086	4.217	.041
Within Groups	4.659	228	.020		
Total	4.745	229			

Moreover, the result is statistically significant.

Table 82: The rate of event and festival expenditures through Analysis on Mayor’s Age group

41~50 years old	51~60 years old	Over 61 years old
1.085076875	1.049752446	1.037902203

Age is a useful factor for passion of mayors. Mayors’ ages had influence on the event and festival expenditures of local governments. Younger mayors spent more budgets for event and festival. Therefore, age is meaningful factor to evaluate mayors’ financial performance.

Table 83: Statistical Significance Test about the rate of event and festival expenditures through Analysis on Mayor’s Age group

ANOVA

EVENT					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.058	2	.029	1.406	.247
Within Groups	4.687	227	.021		
Total	4.745	229			

However, the result is statistically non-significant.

Table 84: The rate of event and festival expenditures through Analysis on Mayor’s Educational background

Under high school graduation	Over high school graduation ~Bachelor	Master	Ph D
1.048757818	1.034518265	1.059340553	1.080380711

The results were almost the same. Mayors’ educational background didn’t effect on the rate of event and festival expenditures. There are no differences and tendencies among each

mayor's group score. Therefore, educational background is a meaningless factor to evaluate mayors' financial performance.

Table 85: Statistical Significance Test about the rate of event and festival expenditures through Analysis on Mayor's Educational background

ANOVA

EVENT

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.060	3	.020	.971	.407
Within Groups	4.684	226	.021		
Total	4.745	229			

However, the result is statistically non-significant.

Table 86: The rate of event and festival expenditures through Analysis on Mayor's Elected Times

First Time	Second Time	Third Time
1.053715752	1.043644622	1.075871522

The results were almost the same. Mayors' elected times didn't effect on the rate of event and festival expenditures. There were no differences and tendencies among each mayor's group score. Therefore, elected times is a meaningless factor to evaluate mayors' financial performance.

Table 87: Statistical Significance Test about the rate of event and festival expenditures through Analysis on Mayor’s Elected Times

ANOVA

EVENT

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.019	2	.010	.460	.632
Within Groups	4.726	227	.021		
Total	4.745	229			

However, the result is statistically non-significant.

Table 88: The rate of event and festival expenditures through Analysis on Mayor’s Political Experience as an Assemblyman

Non-Assemblyman	Ex-Assemblyman
1.055864176	1.043396677

The results were almost the same. Mayors’ council experiences didn’t effect on the rate of event and festival expenditures. There were no differences and tendencies among each mayor’s group score. Therefore, council experience is a meaningless factor to evaluate mayors’ financial performance.

Table 89: Statistical Significance Test about the rate of event and festival expenditures through Analysis on Mayor’s Political Experience as an Assemblyman

ANOVA

EVENT					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.007	1	.007	.349	.555
Within Groups	4.738	228	.021		
Total	4.745	229			

However, the result is statistically non-significant.

Table 90: The rate of event and festival expenditures through Analysis on The change of mayor before the termination of his or her office

Non-Change	Change
1.05530511	1.032578367

The results were almost the same. Leadership change didn’t effect on the rate of event and festival expenditures. There were few differences and tendencies among each mayor’s group score. Therefore, the change of mayor is a meaningless factor to evaluate mayors’ financial performance.

Table 91: Statistical Significance Test about the rate of event and festival expenditures through Analysis on The change of mayor before the termination of his or her office

ANOVA

EVENT					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.013	1	.013	.649	.421
Within Groups	4.731	228	.021		
Total	4.745	229			

However, the result is statistically non-significant.

5.2.4 The transfer rate of expenditures to private sector

The transfer rate of expenditures to private sector is a portion of transfer expenditures to private sector to total expenditures. The system of local governments' transfer expenditures to private sector is a method which bolsters community activities and local programs. The transfer of expenditures to private sector is composed of financial subsidy to private sector, the subsidy of civil society organization, the subsidy of nongovernmental event and festival and so on. However, the system has a negative side, too. The expenditures could have a bad influence on the financial status. If local governments which lack of managing ability keep running several permanent events and festivals just for their voters in the next local election, they fall into the financial crisis. Ministry of Public Administration and Security (MOPAS) highly recommends local municipalities to decrease the transfer rate of expenditures to private sector. A low ratio means a good financial state for the local municipalities. In this thesis, the evaluating index is assessed by the average of annually change rate on the transfer rate of expenditures to private sector from the data of MOPAS from 2006 to 2010.

Table 92: The transfer rate of expenditures to private sector through Analysis on Mayor's Career Experience

Officials	Politicians	Businessmen	Professionals
1.110236667	1.054380612	1.048539851	1.019112957

The result was various. The high transfer rate of expenditures to private sector means a negative signal for local government. Officials took relatively a bad score. They spent more budget than others. Professionals were in a conservative situation in expenditures to private sector.

Table 93: Statistical Significance Test about the transfer rate of expenditures to private sector through Analysis on Mayor’s Career Experience

ANOVA

TRANSPRI

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.263	3	.088	.976	.405
Within Groups	20.286	226	.090		
Total	20.548	229			

However, the result is statistically non-significant.

Table 94: The transfer rate of expenditures to private sector through Analysis on Mayor’s Political Spectrum

Grand National Party	Democratic Party	Liberty Party	Forward	Independent
1.067229649	1.159203463	1.004025714		1.029506194

Mayors who belong to Democratic Party spent more budgets than other parties. Conservative parties got less effort for expenditures to private sector than progressive party. The gap between Grand National Party and DP are 9.2% points.

Table 95: Statistical Significance Test about the transfer rate of expenditures to private sector through Analysis on Mayor’s Political Spectrum

ANOVA

TRANSPRI

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.039	1	.039	.431	.512
Within Groups	20.510	228	.090		
Total	20.548	229			

However, the result is statistically non-significant.

Table 96: The transfer rate of expenditures to private sector through Analysis on Mayor’s Age group

41~50 years old	51~60 years old	Over 61 years old
1.048920175	1.069783347	1.104656507

The older mayors were, the more they spent the budget for expenditures to private sector. The gap between forties and sixties was more 5% points. Older men have more experience and they can do their job better. On the contrary, they tend to be corrupt.

Table 97: Statistical Significance Test about the transfer rate of expenditures to private sector through Analysis on Mayor’s Age group

ANOVA

TRANSPRI

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.091	2	.045	.503	.606
Within Groups	20.458	227	.090		
Total	20.548	229			

However, the result is statistically non-significant.

Table 98: The transfer rate of expenditures to private sector through Analysis on Mayor's Educational background

Under high school graduation	Over high school graduation ~Bachelor	Master	Ph D
1.032923	1.047495627	1.165495421	1.000411658

Mayor's educational background is also an important factor for expenditures to private sector. However, there are few influences in educational background. The older mayors were, the more they spent the budget for expenditures to private sector from under high school graduation to master degree. However, mayors who have received Ph D degree spent less for private sector.

Table 99: Statistical Significance Test about the transfer rate of expenditures to private sector through Analysis on Mayor's Educational background

ANOVA

TRANSPRI

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.954	3	.318	3.669	.013
Within Groups	19.594	226	.087		
Total	20.548	229			

Moreover, the result is statistically significant.

Table 100: The transfer rate of expenditures to private sector through Analysis on Mayor's Elected Times

First Time	Second Time	Third Time
1.054260048	1.116425195	1.056196478

Mayors, who served in first or third term, took less point. On the contrary, mayors, who served in second term, took relatively more point. The transfer rate of expenditures to private sector is a negative index in the evaluation. It could be possible to presume that mayor in second term fell into mannerism.

Table 101: Statistical Significance Test about the transfer rate of expenditures to private sector through Analysis on Mayor’s Elected Times

ANOVA

TRANSPRI

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.202	2	.101	1.127	.326
Within Groups	20.346	227	.090		
Total	20.548	229			

However, the result is statistically non-significant.

Table 102: The transfer rate of expenditures to private sector through Analysis on Mayor’s Political Experience as an Assemblyman

Non-Assemblyman	Ex-Assemblyman
1.086913339	1.050479846

The mayors, who served as assemblymen in national assembly or local council, spent less point. Ex-assemblymen had experience for managing municipality as observers. However, it didn't mean in this section.

Table 103: Statistical Significance Test about the transfer rate of expenditures to private sector through Analysis on Mayor's Political Experience as an Assemblyman

ANOVA

TRANSPRI

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.062	1	.062	.689	.407
Within Groups	20.486	228	.090		
Total	20.548	229			

However, the result is statistically non-significant.

Table 104: The transfer rate of expenditures to private sector through Analysis on The change of mayor before the termination of his or her office

Non-Change	Change
1.081983665	1.0408386

The change of mayor is a little meaningful on the transfer rate of expenditures to private sector. The local government, which are not changed their power system, spent more 4.11% point budget for expenditures to private sector.

Table 105: Statistical Significance Test about the transfer rate of expenditures to private sector through Analysis on The change of mayor before the termination of his or her office

ANOVA

TRANSPRI

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.044	1	.044	.491	.484
Within Groups	20.504	228	.090		
Total	20.548	229			

However, the result is statistically non-significant.

5.3 The Financial Planning in Local Governments

5.3.1 The ratio of budget execution

The ratio of budget execution is a proportion of budget execution to financial planning in local government. Mayors can influence and control the budgetary execution of local government. It is their official duty and task. The ratio of budget execution measure how exactly the local governments observe their fiscal plan which they made one year before. The ratio of budget execution means the conformity of short-term financial plan. A high ratio means a good financial state. In this thesis, the ratio of budget execution is annually assessed by the data of Ministry of Public Administration and Security (MOPAS) from 2008 to 2010. And the ratio is an average of ratio for 3 years.

Table 106: The ratio of budget execution through Analysis on Mayor’s Career Experience

Officials	Politician	Businessmen	Professionals
79.12391874	80.83190469	79.24939723	79.37826174

The results were almost the same. The profession of mayor didn’t effect on the ratio of budget execution. There are no differences among each mayor’s group score. Therefore, the profession of mayor is meaningless factor to evaluate mayors’ financial performance.

Table 107: Statistical Significance Test about the ratio of budget execution through Analysis on Mayor’s Career Experience

ANOVA

BUDGET

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	105.569	3	35.190	1.330	.265
Within Groups	5980.756	226	26.464		
Total	6086.325	229			

However, the result is statistically non-significant.

Table 108: The ratio of budget execution through Analysis on Mayor’s Political Spectrum

Grand National Party	Democratic Party	Liberty Party	Forward	Independent
80.21273762	78.61910512	76.14619		78.23903161

Political parties have their own propensity in policy and local governance. Mayors are affected by their party's policies, because Parties controls their mayors. Grand National Party was a ruling party. GNP was friendly to central government and became to observe its policies. GNP's score was higher than other parties.

Table 109: Statistical Significance Test about the ratio of budget execution through Analysis on Mayor's Political Spectrum

ANOVA

BUDGET

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	199.631	1	199.631	7.732	.006
Within Groups	5886.695	228	25.819		
Total	6086.325	229			

Moreover, the result is statistically significant.

Table 110: The ratio of budget execution through Analysis on Mayor's Age group

41~50 years old	51~60 years old	Over 61 years old
79.71666575	79.8170524	78.94797145

The results were almost the same. The age of mayor didn't effect on the ratio of budget execution. There are no differences among each mayor's group score. Therefore, the age of mayor is meaningless factor to evaluate mayors' financial performance.

Table 111: Statistical Significance Test about the ratio of budget execution through Analysis on Mayor’s Age group

ANOVA

BUDGET

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	34.720	2	17.360	.651	.522
Within Groups	6051.605	227	26.659		
Total	6086.325	229			

However, the result is statistically non-significant.

Table 112: The ratio of budget execution through Analysis on Mayor’s Educational background

Under high school graduation	Over high school graduation ~Bachelor	Master	Ph D
77.81020212	79.26399578	80.07372803	80.57074605

There was a trend between mayor’s educational background and the ratio of budget execution.

The more mayors took high degree, the more they observed the ratio of budget execution.

Table 113: Statistical Significance Test about the ratio of budget execution through Analysis on Mayor’s Educational background

ANOVA

BUDGET

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	167.088	3	55.696	2.127	.098
Within Groups	5919.238	226	26.191		
Total	6086.325	229			

Moreover, the result is statistically significant.

Table 114: The ratio of budget execution through Analysis on Mayor’s Elected Times

First Time	Second Time	Third Time
79.8148664	78.90743939	80.29007261

The results were almost the same. The elected times of mayor didn’t effect on the ratio of budget execution. There are no differences and trends among each mayor’s group score. Therefore, the elected times of mayor is meaningless factor to evaluate mayors’ financial performance.

Table 115: Statistical Significance Test about the ratio of budget execution through Analysis on Mayor’s Elected Times

ANOVA

BUDGET

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	55.195	2	27.597	1.039	.356
Within Groups	6031.131	227	26.569		
Total	6086.325	229			

However, the result is statistically non-significant.

Table 116: The ratio of budget execution through Analysis on Mayor’s Political Experience as an Assemblyman

Non-Assemblymen	Ex-Assemblymen
79.81266655	78.84384646

The results were almost the same. The gap between mayors who were ex-assemblymen and non-assemblymen was below 1% points.

Table 117: Statistical Significance Test about the ratio of budget execution through Analysis on Mayor’s Political Experience as an Assemblyman

ANOVA

BUDGET

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	43.768	1	43.768	1.651	.200
Within Groups	6042.557	228	26.502		
Total	6086.325	229			

However, the result is statistically non-significant.

Table 118: The ratio of budget execution through Analysis on The change of mayor before the termination of his or her office

Non-Change	Change
79.615025	79.03116667

The results were almost the same. The change of mayor didn’t affect on the ratio of budget execution.

Table 119: Statistical Significance Test about the ratio of budget execution through Analysis on The change of mayor before the termination of his or her office

ANOVA

BUDGET

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	8.893	1	8.893	.334	.564
Within Groups	6077.432	228	26.655		
Total	6086.325	229			

However, the result is statistically non-significant.

5.3.2 The rate of budget execution on mid-term financial planning

The rate of budget execution on mid-term financial planning is a portion of budget execution to mid-term financial planning in local government. The ratio of mid-term financial plan means an index of financial planning management. Mid-term financial plan is a system to overcome the limit of annual budget plan and to review the process of rational allocation of resources for the financial business in the region. Mayor takes a significant role to make an efficient operation and reasonable financial management of mid-term financial plan. His other role is to mediate between the central and the local government in order to improve the ratio of mid-term financial plan. The ratio of mid-term financial plan is calculated by the ratio of working expense to mid-term financial planning expense. A high ratio means a good financial state for the local municipalities. In this thesis, the evaluating index is assessed by the average of annually change rate on the ratio of mid-term financial plan from the data of MOPAS from 2006 to 2010.

Table 120: The rate of budget execution on mid-term financial planning through Analysis on Mayor’s Career Experience

Officials	Politicians	Businessmen	Professionals
104.4767387	107.569102	107.2361064	104.2575652

Politicians were ranked in the top of the rate of budget execution on mid-term financial planning. Businessmen took the second ranked position. Officials and professionals touched the bottom line. The gap between each group is small. However, it could be read that politicians and businessmen took more attention on mid-term financial planning.

Table 121: Statistical Significance Test about the rate of budget execution on mid-term financial planning through Analysis on Mayor’s Career Experience

ANOVA

MIDTERM					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	495.920	3	165.307	3.656	.013
Within Groups	10217.959	226	45.212		
Total	10713.879	229			

Moreover, the result is statistically significant.

Table 122: The rate of budget execution on mid-term financial planning through Analysis on Mayor’s Political Spectrum

Grand National Party	Democratic Party	Liberty Party	Forward	Independent
106.907106	103.1434634	100.4297143		104.2245806

Grand National Party was ranked in the top of the rate of budget execution on mid-term financial planning. Independent mayors took the second ranked position. The gap between GNP and Democratic Party was more 3% point. However, it could be read that GNP’s mayors took more attention on mid-term financial planning than DP mayors. GNP was a ruling party and his mayors observed the central government policies.

Table 123: Statistical Significance Test about the rate of budget execution on mid-term financial planning through Analysis on Mayor’s Political Spectrum

ANOVA

MIDTERM					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	664.675	1	664.675	15.080	.000
Within Groups	10049.204	228	44.075		
Total	10713.879	229			

Moreover, the result is statistically significant.

Table 124: The rate of budget execution on mid-term financial planning through Analysis on Mayor’s Age group

41~50 years old	51~60 years old	Over 61 years old
107.28215	104.984438	105.9626377

Younger mayors took more percentage on the rate of budget execution on mid-term financial planning.

Table 125: Statistical Significance Test about the rate of budget execution on mid-term financial planning through Analysis on Mayor’s Age group

ANOVA

MIDTERM

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	166.727	2	83.363	1.794	.169
Within Groups	10547.153	227	46.463		
Total	10713.879	229			

However, the result is statistically non-significant.

Table 126: The rate of budget execution on mid-term financial planning through Analysis on Mayor’s Educational background

Under high school graduation	Over high school graduation ~Bachelor	Master	Ph D
106.2897576	104.7727349	106.2442895	105.9884211

There was no rule for result tendency.

Table 127: Statistical Significance Test about the rate of budget execution on mid-term financial planning through Analysis on Mayor’s Educational background

ANOVA

MIDTERM					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	108.403	3	36.134	.770	.512
Within Groups	10605.477	226	46.927		
Total	10713.879	229			

However, the result is statistically non-significant.

Table 128: The rate of budget execution on mid-term financial planning through Analysis on Mayor’s Elected Times

First Time	Second Time	Third Time
105.816888	105.3190244	106.198

The elected times of mayor was a little meaningful on the rate of budget execution on mid-term financial planning. First and second, third elected mayors took similar points.

Table 129: Statistical Significance Test about the rate of budget execution on mid-term financial planning through Analysis on Mayor’s Elected Times

ANOVA

MIDTERM					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	19.197	2	9.599	.204	.816
Within Groups	10694.682	227	47.113		
Total	10713.879	229			

However, the result is statistically non-significant.

Table 130: The rate of budget execution on mid-term financial planning through Analysis on Mayor’s Political Experience as an Assemblyman

Non-Assemblyman	Ex-Assemblyman
105.1150848	107.1051692

The gap between ex-lawmaker and non-lawmaker was 2% point. Mayors who were a lawmaker in local or national assembly observed more the mid-term financial plan. Their official experience affected on mayor’s financial decisions.

Table 131: Statistical Significance Test about the rate of budget execution on mid-term financial planning through Analysis on Mayor’s Political Experience as an Assemblyman

ANOVA

MIDTERM

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	184.677	1	184.677	3.999	.047
Within Groups	10529.202	228	46.181		
Total	10713.879	229			

Moreover, the result is statistically significant.

Table 132: The rate of budget execution on mid-term financial planning through Analysis on The change of mayor before the termination of his or her office

Non-Change	Change
106.02065	103.3898333

The change of mayor affected on the rate of budget execution on mid-term financial planning. Mayors who didn't their position in the termination of office took more 2.6% point. It is proved that the change of mayors affected on the financial stability. The change of governance means the alteration of public plan and management team and long-term plan of the city could be spoiled.

Table 133: Statistical Significance Test about the rate of budget execution on mid-term financial planning through Analysis on The change of mayor before the termination of his or her office

ANOVA

MIDTERM

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	180.553	1	180.553	3.908	.049
Within Groups	10533.326	228	46.199		
Total	10713.879	229			

Moreover, the result is statistically significant.

5.3.3 The budge rate of reviewed public works for loan & investment

The budge rate of reviewed public works for loan & investment is the proportion of budget formulation in the next fiscal year to reviewed public works for loan & investment in this fiscal year. The ratio of budget execution measure how exactly the local governments observe their fiscal plan which they made one year before for reviewed public works for loan & investment. The rate is one of the financial planning indexes in local government. However, a review system in local government for investment and loan is considered inefficient because of its systemic and methodological short-comings and bureaucratization of the reviewing

process. It failed to realize the goals of the original review system for investment and loan. Because fields of business have changed, thus it is necessary to recalculate weight factor for each field. Improving the investment and loan review system becomes one of the most important tasks of the local finance. Mayors can influence and control it. In this thesis, the budget rate of reviewed public works for loan & investment is annually assessed by the data of Ministry of Public Administration and Security (MOPAS) from 2006 to 2010. And the ratio is an average of ratio for 5 years.

Table 134: The budget rate of reviewed public works for loan & investment through Analysis on Mayor’s Career Experience

Officials	Politicians	Businessmen	Professionals
60.31188739	56.92697959	60.87478723	66.36321739

Professionals were ranked on the first stage in the budget rate of reviewed public works for loan & investment. Officials and businessmen took almost same points. Politicians touched the bottom.

Table 135: Statistical Significance Test about the budget rate of reviewed public works for loan & investment through Analysis on Mayor’s Career Experience

ANOVA

INVEST					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1418.542	3	472.847	.885	.449
Within Groups	20705.629	226	534.096		
Total	22124.171	229			

However, the result is statistically non-significant.

Table 136: The budge rate of reviewed public works for loan & investment through Analysis on Mayor’s Political Spectrum

Grand National Party	Democratic Party	Liberty Party	Forward	Independent
55.61756623	69.33107317	62.51114286		70.74535484

Democratic Party observed more than Grand National Party on the budge rate of reviewed public works for loan & investment. The rate was more 13.7% points. DP was an opposition party. GNP’s mayors ignored the budge rate of reviewed public works for loan & investment.

Table 137: Statistical Significance Test about the budge rate of reviewed public works for loan & investment through Analysis on Mayor’s Political Spectrum

ANOVA

INVEST

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	9683.746	1	9683.746	19.636	.000
Within Groups	12440.425	228	493.160		
Total	22124.171	229			

Moreover, the result is statistically significant.

Table 138: The budge rate of reviewed public works for loan & investment through Analysis on Mayor’s Age group

41~50 years old	51~60 years old	Over 61 years old
60.69795	59.40211983	61.68023188

The results were almost the same. Mayor’s age didn’t effect on the budge rate of reviewed public works for loan & investment. There were few differences and tendencies among each mayor’s group score. Therefore, the age of mayor is a meaningless factor to evaluate mayors’ financial performance.

Table 139: Statistical Significance Test about the budge rate of reviewed public works for loan & investment through Analysis on Mayor’s Age group

ANOVA

INVEST

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	235.304	2	117.652	.219	.803
Within Groups	21888.867	227	536.955		
Total	22124.171	229			

However, the result is statistically non-significant.

Table 140: The budge rate of reviewed public works for loan & investment through Analysis on Mayor’s Educational background

Under high school graduation	Over high school graduation ~Bachelor	Master	Ph D
62.14054545	60.68649398	59.16423684	60.19503947

The results were almost the same. Mayor’s educational background didn’t effect on the budge rate of reviewed public works for loan & investment. There were few differences and tendencies among each mayor’s group score. Therefore, the educational background of mayor is a meaningless factor to evaluate mayors’ financial performance.

Table 141: Statistical Significance Test about the budge rate of reviewed public works for loan & investment through Analysis on Mayor’s Educational background

ANOVA

INVEST					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	222.617	3	74.206	.138	.937
Within Groups	21901.554	226	539.387		
Total	22124.171	229			

However, the result is statistically non-significant.

Table 142: The budge rate of reviewed public works for loan & investment through Analysis on Mayor’s Elected Times

First Time	Second Time	Third Time
57.892056	62.91980488	64.15563043

The more mayors were elected, the more they observed the on the budge rate of reviewed public works for loan & investment. It was presumed that their official experience affected on the results.

Table 143: Statistical Significance Test about the budge rate of reviewed public works for loan & investment through Analysis on Mayor’s Elected Times

ANOVA

INVEST					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1629.459	2	814.730	1.535	.218
Within Groups	20494.712	227	530.814		
Total	22124.171	229			

However, the result is statistically non-significant.

Table 144: The budge rate of reviewed public works for loan & investment through Analysis on Mayor’s Political Experience as an Assemblyman

Non-Assemblymen	Ex-Assemblymen
61.25188182	57.92230769

Mayors who didn’t served as a lawmaker observed more than ex-assemblymen in the budge rate of reviewed public works for loan & investment.

Table 145: Statistical Significance Test about the budge rate of reviewed public works for loan & investment Analysis on Mayor’s Political Experience as an Assemblyman

ANOVA

INVEST

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	516.948	1	516.948	.969	.326
Within Groups	21607.223	228	533.365		
Total	22124.171	229			

However, the result is statistically non-significant.

Table 146: The budge rate of reviewed public works for loan & investment through Analysis on The change of mayor before the termination of his or her office

Non-Change	Change
59.1760775	67.8765

The change of leadership in the termination of office affected on the budge rate of reviewed public works for loan & investment. It was opposition result. The local government which changed mayor unexpectedly observed more on the budge rate of reviewed public works for loan & investment.

Table 147: Statistical Significance Test about the budget rate of reviewed public works for loan & investment through Analysis on The change of mayor before the termination of his or her office

ANOVA

INVEST

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1974.714	1	1974.714	3.747	.054
Within Groups	20149.457	228	526.971		
Total	22124.171	229			

Moreover, the result is statistically significant.

5.4 The Other Issues for Evaluating Mayor’s Abilities

5.4.1 Integrity Assessment

Corruption is widely considered to be a symptom of poor governance. The integrity assessment is an index for ethical management. An accurate assessment of corruption is needed to effectively implement anti-corruption policies in local government. Anti-Corruption and Civil Rights Commission has conducted integrity assessment for the public organizations every year since 1999. (Anti-Corruption and Civil Rights Commission, 2009)

ACRC’s integrity assessment consists of external and internal integrity. External integrity is composed of corruption, transparency and accountability. Internal integrity is divided into integrity culture index and work integrity index. Only external integrity will be argued in this thesis because internal integrity data are not enough for the analysis.

The corruption index means the level of corruption such as the acceptance of gratuities, entertainment or convenience. The transparency index refers to the degree to which public

officials comply with various standards and procedures in a transparent and fair manner. The accountability index mentions the level of efforts done by public officials to complete their duties according to public service ethics.

The surveyed respondents for external Integrity Assessment were annually about 100,000 service users. They directly contacted with public organizations or public officials. The ACRC received respondent list from target organizations and private pollster companies did sampling and carried out external integrity survey through computer aided telephone interview. The index is the average of annual numerical value from July 1st 2006 to June 30th 2010, fourth mayor term.

Table 148: Integrity Assessment through Analysis on Mayor’s Career Experience

Officials	Politicians	Businessmen	Professionals
8.47757509	8.512602041	8.479414915	8.610869565

The maximum integrity assessment index is 10 points and the minimum is 0 point. Professionals are ranked in the top of integrity assessment index. Politicians take the second ranked position. Public officials and businessmen touch the bottom line. Public officials and politicians have a time to make a mind for public during their period in office. Businessmen and professionals relatively had no time to take public mind. Therefore, this result shows which of the previous job help mayors.

Table 149: Statistical Significance Test about Integrity Assessment through Analysis on Mayor’s Career Experience

ANOVA

INTERGRI

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.366	3	.122	1.089	.354
Within Groups	25.301	226	.112		
Total	25.667	229			

However, the result is statistically non-significant. In this paper, all the results are tested by Analysis of variance (ANOVA). A test result is called statistically significant if it is unlikely to have occurred by chance alone.

Table 150: Integrity Assessment through Analysis on Mayor’s Political Spectrum

Grand National Party	Democratic Party	Liberty Forward Party	Independent
8.502052993	8.475182951	8.520357143	8.508897839

Conservative parties get more points for integrity assessment than progressive party. Grand national party and Liberty forward party, which are conservative parties, are ranked in the top position. Democratic Party gets relatively lower point.

Table 151: Statistical Significance Test about Integrity Assessment through Analysis on Mayor’s Political Spectrum

ANOVA

INTERGRI

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.005	1	.005	.043	.836
Within Groups	25.662	228	.113		
Total	25.667	229			

However, the result is statistically non-significant.

Table 152: Integrity Assessment through Analysis on Mayor’s Age group

41~50 years old	51~60 years old	Over 61 years old
8.538291675	8.474111587	8.519009667

The age is an important factor for integrity assessment. 51~60 year old mayors get more integrity assessment than any other ages. Getting older or younger mayors takes lower points. Generally speaking, older men have more experience and they can do their job better. On the contrary, they tend to be corrupt.

Table 153: Statistical Significance Test about Integrity Assessment through Analysis on Mayor’s Age group

ANOVA

INTERGRI

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.164	2	.082	.731	.482
Within Groups	25.502	227	.112		
Total	25.667	229			

However, the result is statistically non-significant.

Table 154: Integrity Assessment through Analysis on Mayor’s Educational background

Under high school graduation	Over high school graduation ~Bachelor	Master	Ph D
8.484671758	8.504186759	8.524714908	8.447127211

Mayor’s educational background is also an important factor for the integrity assessment. However, there are few influences in educational background. Mayors who took bachelor or

master degree just got more points in integrity assessment. Mayors who took PhD degree got relatively lower points.

Table 155: Statistical Significance Test about Integrity Assessment through Analysis on Mayor’s Educational background

ANOVA

INTERGRI

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.161	3	.054	.477	.699
Within Groups	25.505	226	.113		
Total	25.667	229			

However, the result is statistically non-significant.

Table 156: Integrity Assessment through Analysis on Mayor’s Elected Times

First Term	Second Term	Third Term
8.52250668	8.448750012	8.547826087

Mayors, who serve in first or third term, take more points. On the contrary, mayors, who serve in second term, take relatively lower points. It could be possible to presume that mayor in second term can fall into mannerism.

Table 157: Statistical Significance Test about Integrity Assessment through Analysis on Mayor’s Elected Times

ANOVA

INTERGRI					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.331	2	.165	1.483	.229
Within Groups	25.336	227	.112		
Total	25.667	229			

However, the result is statistically non-significant.

Table 158: Integrity Assessment through Analysis on Mayor’s Political Experience as an Assemblyman

Non-Assemblyman	Ex-Assemblyman
8.496287891	8.504974369

Mayor, who served as an assemblyman in local council or national assembly, takes more points.

Table 159: Statistical Significance Test about Integrity Assessment through Analysis on Mayor’s Political Experience as an Assemblyman

ANOVA

INTERGRI					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.004	1	.004	.031	.860
Within Groups	25.663	228	.113		
Total	25.667	229			

However, the result is statistically non-significant.

Table 160: Integrity Assessment through Analysis on The change of mayor before the termination of his or her office

Non-Change	Change
8.509437515	8.427444433

The change of mayor influences on the integrity assessment of local governments. Local governments, whose mayors were not newly changed, got more points.

Table 161: Statistical Significance Test about Integrity Assessment through Analysis on The change of mayor before the termination of his or her office

ANOVA

INTERGRI

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.175	1	.175	1.569	.212
Within Groups	25.491	228	.112		
Total	25.667	229			

However, the result is statistically non-significant.

5.4.2 The Educational and Training Expenditures

The investment in education and training is a strategic human resource management for public organization. It is main factor as for creating a competitive advantage and has important effect on public business growth in mid- and long-term. Generally speaking, education & training expenses were found to have positively significant effect on firm performance and value. It happens alike in public organization. These results indicate that municipalities have to increase education and training investment to strengthen the competitiveness.

Therefore education and training expenditures for employee are a kind of index for R&D. CEOs, who look ahead into the future, intend to invest in people. People who take a part in education or training program in school or research institution can produce more effectiveness on their position. The investing in people is brought to fruition in the form of the education and training expenditures in a company. It happens in a local government, too. The mayor of local government as a CEO of enterprise invests in public officials. The education expenditure for public officials means school expenses, tuition fees, docent fees and so on.

The situations of individual local governments are different on their number of population, financial status, budget and so on. The situation of mayors should be considered. In this paper, the educational and training expenditures are calculated the average of effort indexes on the ratio of direct education and training expenditures to labor cost by the data of Ministry of Public Administration and Security (MOPAS) from 2007 to 2010.

Table 162: The Educational and Training Expenditures through Analysis on Mayor's Career Experience

Public Officials	Politicians	Businessmen	Professionals
1.479415099	1.620502204	2.18618617	1.290082

The numerical values mean mayor's intention for human management. Businessmen are ranked on the first stage in the educational and training expenditures of municipalities. They almost doubled the educational and training expenditures than professionals. In generally, CEOs are more attentions to human resources, because they need to make outputs in short

time. In firm, human power means their good productivity. Mayor’s mind is close to CEOs and they intentionally invest in human capital. On the other hand, professionals and public officials are weak at business mind.

Table 163: Statistical Significance Test about the Educational and Training Expenditures through Analysis on Mayor’s Career Experience

ANOVA

EDUFEE

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	19.712	3	6.571	3.468	.017
Within Groups	428.235	226	1.895		
Total	447.948	229			

Moreover, the result is statistically significant.

Table 164: The Educational and Training Expenditures through Analysis on Mayor’s Political Spectrum

Grand National Party	Democratic Party	Liberty Forward Party	Independent
1.653178146	1.776720902	1.356989286	1.421546387

Major parties spent more budgets than minor parties and independent mayors. Grand National Party and Democratic Party’s average is 1.679569 and Liberty Forward Party and Independent mayor’s is 1.409654. Major parties spent more 19.14% of budget than minor parties. Among major parties, Democratic Party spent more budgets for the education and

training than Grand National Party. DP's expenditure is more 12.35% point than GNP's. However, Liberty Forward Party and independent mayor's expenditures are relatively fewer.

Table 165: Statistical Significance Test about the Educational and Training Expenditures through Analysis on Mayor's Political Spectrum

ANOVA

EDUFEE

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.146	1	.146	.074	.786
Within Groups	447.802	228	1.964		
Total	447.948	229			

However, the result is statistically non-significant.

Table 166: The Educational and Training Expenditures through Analysis on Mayor's Age group

41~50 years old	51~60 years old	Over 61 years old
1.552510675	1.710104066	1.551004362

In this paper, middle-aged mayors made good performances. The value of age for them is quite meaningful. Middle-aged mayors spent more 15% point budget for educating and training employees for municipal's future value. On the contrary, the others

Table 167: Statistical Significance Test about the Educational and Training Expenditures through Analysis on Mayor’s Age group

ANOVA

EDUFEE

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.442	2	.721	.366	.694
Within Groups	446.506	227	1.967		
Total	447.948	229			

However, the result is statistically non-significant.

Table 168: The Educational and Training Expenditures through Analysis on Mayor’s Educational background

Under high school graduation	Over high school graduation ~Bachelor	Master	Ph D
1.434826788	1.72867141	1.594526921	1.684980605

The more degree is not a necessary factor to invest in human capital. However, the mayors, who have attended to college, paid attention to investment in human capital. On the other hand mayors, who have educational background under high school graduations, spent fewer budget than other mayors.

Table 169: Statistical Significance Test about the Educational and Training Expenditures through Analysis on Mayor’s Educational background

ANOVA

EDUFEE

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2.270	3	.757	.384	.765
Within Groups	445.678	226	1.972		
Total	447.948	229			

However, the result is statistically non-significant.

Table 170: The Educational and Training Expenditures through Analysis on Mayor’s Elected Times

First Term	Second Term	Third Term
1.54608764	1.811091232	1.490081913

Second-term mayors more tried to invest human capital. They realized the importance of human resources after their first term. On the other side, third-term mayors relatively didn’t try to invest in man power, because they had no other choice to be elected by the law.

Table 171: Statistical Significance Test about the Educational and Training Expenditures through Analysis on Mayor’s Elected Times

ANOVA

EDUFEE

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	4.014	2	2.007	1.026	.360
Within Groups	443.934	227	1.956		
Total	447.948	229			

However, the result is statistically non-significant.

Table 172: The Educational and Training Expenditures through Analysis on Mayor’s Political Experience as an Assemblyman

Non-Assemblymen	Ex-Assemblymen
1.550815588	1.848580738

The mayors, who served as assemblymen in national assembly or local council, spent more 29.77% point budget. Ex-assemblymen had experience for managing municipality as observers. Their previous experiences are helpful for role of mayor in local municipality. Therefore mayors, who were assemblymen, learned the importance of human resources by parliamentary activity.

Table 173: Statistical Significance Test about the Educational and Training Expenditures through Analysis on Mayor’s Political Experience as an Assemblyman

ANOVA

EDUFEE

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	4.134	1	4.134	2.124	.146
Within Groups	443.813	228	1.947		
Total	447.948	229			

However, the result is statistically non-significant.

Table 174: The Educational and Training Expenditures through Analysis on The change of mayor before the termination of his or her office

Non-Change	Change
1.64732042	1.552607867

The change of mayor is a little meaningful on the educational and training expenditures. The local govern, which are not changed their power system, spent more 9.47% point budget for employee’s education and training.

Table 175: Statistical Significance Test about the Educational and Training Expenditures through Analysis on The change of mayor before the termination of his or her office

ANOVA

EDUFEE

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.234	1	.234	.119	.730
Within Groups	447.714	228	1.964		
Total	447.948	229			

However, the result is statistically non-significant.

VI. CONCLUSION

In this paper, lots of results were statistically non-significant. 19 of total 84 results were just statistically significant. It was 22.6% of all result.

Four results in the part of mayor's career experience were statically significant. The rate of event and festival expenditures showed that mayors who were businessmen spent more budgets for event and festival than other mayors. Other mayors made an increase of 4 % over that of last year. However, businessmen made an increase of 10% over that of last year.

The rate of budget execution on mid-term financial planning showed that politicians were ranked in the top of the rate of budget execution on mid-term financial planning. Businessmen took the second ranked position. Officials and professionals touched the bottom line.

The Educational and Training Expenditures showed that businessmen are ranked on the first stage. They almost doubled the educational and training expenditures than professionals. The numerical values mean mayor's intention for human management. In generally, CEOs are more attentions to human resources, because they need to make outputs in short time. In firm, human power means their good productivity.

However, the degree change rates of the local government's financial independence were almost the same. Professional experience didn't effect on the degree of local government's financial independence.

Five results in the part of mayor's political spectrum were statically significant. The rate of event and festival expenditures showed that Grand National Party spent more money than Democratic Party for local event and festival.

GNP was a ruling party and became to observe budget execution policies. GNP's score was higher than other parties. Grand National Party was ranked in the top of the rate of budget execution on mid-term financial planning. The gap between GNP and Democratic Party was more 3% point.

However, Democratic Party observed more than Grand National Party on the budge rate of reviewed public works for loan & investment. The rate was more 13.7% points. The local tax collection rates are almost the same. The party of mayor didn't effect on the local tax collection rate.

Six results in the part of mayor's educational background were statically significant. Mayors' educational background didn't effect on the degree of local government's financial independence. There are no differences among each mayor's group score. Mayors' educational background didn't effect on the fiscal self-reliance ratio. There are no differences among each mayor's group score. . The educational background of mayor didn't effect on the local tax collection rate. There are no differences among each mayor's group score. Mayor's educational background is also an important factor for expenditures to private sector. But there are few influences in educational background.

However, mayors who graduated under high school extraordinarily take high score in educational background part. They take more 25.4% points than any other mayors in increasing rate of internal financing. The more mayors took high degree, the more they observed the ratio of budget execution.

Only one result in the part of mayor's political experience as an assemblyman was statically significant. Mayors who were a lawmaker in local or national assembly observed more the mid-term financial plan. Their official experience affected on mayor's financial decisions.

Three results in the part of the change of mayor before the termination his or her office were statically significant. The results are almost the same. The change of mayor didn't effect on the local tax collection rate. There are no differences among each mayor's group score. The change of mayor affected on the rate of budget execution on mid-term financial planning. Mayors who didn't their position in the termination of office took more 2.6% point. It is proved that the change of mayors affected on the financial stability. The change of governance means the alteration of public plan and management team and long-term plan of the city could be spoiled. The change of leadership in the termination of office affected on the budge rate of reviewed public works for loan & investment. It was opposition result. The local government which changed mayor unexpectedly observed more on the budge rate of reviewed public works for loan & investment.

The all the result was statistically non-significant in the part of mayor's Age Group and mayor's Elected Times.

At first, I would like to search whether mayor's characteristics affect on the financial performance in local government. And I divide their characters into their profession, party, age, educational background, elected times, experience as a lawmaker and the change of mayor. Some results were statically significant. However, a large proportion of the result was statically non-significant. Some results showed that there were no differences among each mayor's group score. There, I conclude that mayor's experiences did not influence on their performances and their abilities did not reflect local governments' performance.

But I will research that the relation between leader's characters and his or her performance. In this paper, the population was small and it caused that a large proportion of the result was statically non-significant. I will expand the size of population in the next research on leadership and performance.

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