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The Relationship between Public Service Efficiency of Government and Residential Political Trust in Hong Kong

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ABSTRACT

Hong Kong has a long history with its high efficiency and clean and self-disciplined government. Within the past over 20 years, different social development trend has occurred in Hong Kong. The article observed the relationship between political trust from residence and public service efficiency of government in Hong Kong from 1992 to 2015 and found that the value of public service efficiency has a significant effect on political trust in Hong Kong government, the higher the efficiency of public services, the higher the political trust. The author tried to find the path for the Hong Kong government to improve its public service quality and efficiency after testifying the positive correlation between public service efficiency and residential political trust with empirical analysis.

1. Introduction

Political trust is an important social capital for the development of a society, which depends largely on the social evaluation of the government's public service performance^[1]. This attitude of trust is also dynamic and will run through the process of the dynamic operation of public policy^[2]. In urban politics, the government's capacity and level of public service are mainly reflected

in the efficiency of public service. Hong Kong is a typical urban democratic society of people's livelihood. The population mainly gathers in urban areas with high living density, which is the foundation of Hong Kong's political uniqueness. Due to the social system and market economy of Hong Kong and the great achievements of Hong Kong economy in the second half of the last century, Hong Kong society is a developed urban area with high degree

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of modernization. In regions with such characteristics, the public service of the government is relatively quick, efficient and accurate to affect the daily life of residents in the region. Correspondingly, Hong Kong residents will make a political trust judgment on the government based on the efficiency of public services to a large extent.

Whether before or after the handover, Hong Kong has always adopted an executive-led political system. The transparent, rule-by-law and efficient Hong Kong government is impressive, among which the government's public service efficiency is one of the key expressions. The Hong Kong government's efficient public services play a particularly important role in maintaining social stability and economic prosperity^[3]. In general, increased public spending leads to higher taxes in the region. Hong Kong has a relatively light tax burden internationally, which has a lot to do with the high efficiency of government spending on public services. The Hong Kong government's fiscal policy favors efficiency first^[4]. The government has gradually increased its fiscal expenditure on education, health care and social welfare, thus enhancing the social security of Hong Kong residents. In such an overall affluent and open social environment, residents' political trust in the political system largely depends on the public service efficiency of the government.

During this period after the return to the motherland, Hong Kong's social development showed a different trend. Although Hong Kong society is still dominated by administrative system, the government still faces a thorny problem of social and political trust while providing efficient public services. Under the basic law, Hong Kong residents' political trust in the Hong Kong government determines Hong Kong's continued prosperity and stable development. Hong Kong's social structure is dominated by the urban middle class. This class of people is very interested in the public services of the city government and the political activities derived therefrom. The public services provided by city government are generally highly relevant to the needs of local residents. Such services require the active participation of local residents and rely on residents' timely feedback on their demand for public services. If the local population has a high degree of trust in the political system of the society, they will be very actively involved in the decision-making process of the government's public services, which will have a very positive effect on improving the efficiency of government public services. Hong Kong has a high population density and most residents live in concentrated communities. Therefore, in this case, the higher degree of residents' political trust, the stronger the interaction

between their participation in the system and the decision of the government to provide public services, and the higher the efficiency of the government's public services. As Hong Kong's population continues to grow, residents are demanding more from the government's efficiency in public services. It is of great theoretical and practical significance to study the relationship between the Hong Kong government's level of public goods supply and residents' political trust in the Hong Kong government over the years. This paper attempts to analyze the relationship between governmental public service and residential political trust in Hong Kong and put forward corresponding policy recommendations.

2. Research Hypothesis

Hong Kong has been implementing different economic and social systems from the mainland. The government has not invested a large amount of financial funds into economic development, but the market players bear the responsibility for this part of development. Such a form of government can better avoid the "spillover effect" caused by a large amount of financial investment into economic development, so that it can be better invested in the job of public service. Under the closed urban economic environment, the residents' political trust should be based on the recognition of the government's public service efficiency. Therefore, it has become a valuable proposition to study the relationship between the public service efficiency of Hong Kong government and the political trust of residents. Based on the above analysis, it is reasonable to assume that there is a positive correlation between the Hong Kong government's public service efficiency and residents' political trust, that is, the higher the ratio of the former, the higher the residents' political trust to the government.

In order to objectively evaluate the efficiency of government public services, Data Envelopment Analysis (DEA) will be adopted to measure the efficiency of public services. The specific DEA calculation method will be explained in the third part of this article. First, by comparing the political trust level of Hong Kong residents from 1992 to 2015 with the trend line of public service efficiency of Hong Kong government, we can find that the two lines show a high degree of similarity in the trend (Figure 1). Again, the similarity of the two trends can be observed from the scatter diagram fitting of the two values (Figure 2). This provides the basis for quantitative analysis of the correlation between the two.

Data source: annual survey of Hong Kong government statistics (1993-2016), survey of people's political trust in the Hong Kong SAR government by the University of

Hong Kong (1992-2015).

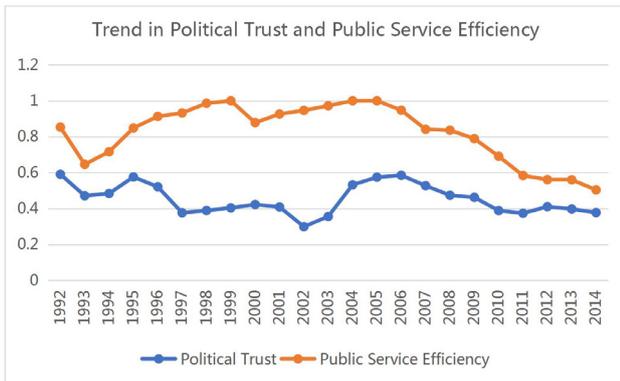


Figure 1. Trends in Hong Kong’s socio-political trust and efficiency of government public services

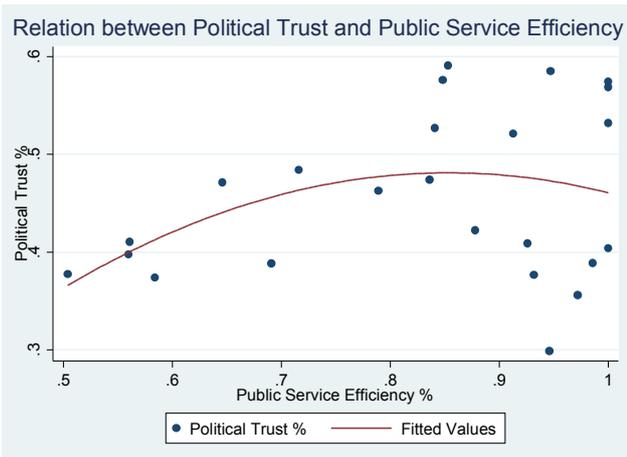


Figure 2. The scatter diagram of Hong Kong’s socio-political trust and government’s public service efficiency

Research on this topic generally focuses on the relationship between the efficiency of public service expenditure and the government’s responsibility for social development^[5]. In this way, there will naturally be studies to explore ways to evaluate public trust in government through government performance^[6]. Residents’ political trust will also reduce the cost of government governance reversely. On the relationship between government performance and political trust, the effect of government policy implementation largely determines people’s political trust. Similarly, the low efficiency of public services and policy errors will create a sense of political distrust among residents^[7]. The contradiction between the rapid economic development and the adjustment of interest distribution, the quality of public management and the public demand for public service products, etc., can easily cause the public’s trust crisis to the government. The paradoxical starting point of political trust has been gradually shifted from economic growth to the provision

of public goods^[8,9]. The efficiency of government governance has become a source of political trust for the increasingly affluent inhabitants of the region. Of course, governance efficiency is closely related to government governance structure, governance behavior and results^[10]. Therefore, to a large extent, government performance determines the level of political trust of residents. A government with poor performance cannot win the trust of citizens. Political trust has different levels of content, and the measurement of government performance is a very complex and macro issue, covering both the political level and the economic and social level. As Hong Kong has experienced a long period of colonial history and a long period of rapid economic growth, it has become one of the developed regions. Residents’ satisfaction with the former British government of Hong Kong is basically built on the level of administrative service efficiency and guarantee of the rule of law. Even though Hong Kong society has shown a lot of problems in terms of political trust after its return, some of them are even quite fierce. However, these problems of political culture basically originate from Hong Kong residents’ attachment to efficient public services and higher living standards in the region. It is precisely at this point that the views of Hong Kong residents tend to be acquired by seeking a relatively independent administrative environment, rather than deliberately seeking help from the central government. The Hong Kong government’s public service input and output to a large extent have the nature of market service or a more obvious “customer-oriented” government value orientation^[11]. The link between the well-being of Hong Kong residents and the level of public goods supply to the Hong Kong government is very strong, and this will quickly affect the relationship between the two. Even in the delivery of public goods such as public housing, the Hong Kong government will seek a balance of efficiency on the basis of fairness^[12]. Therefore, to study Hong Kong’s political culture, we should consider the impact of special regional culture and historical traditions on the system.

3. Data Source, Variables and Models

3.1 Data Source

This study examined the correlation between the efficiency of public services of the Hong Kong government from 1992 to 2015 and residents’ political trust in the Hong Kong government. The dependent variable is the political trust of Hong Kong residents to the government. The data comes from the statistical value of the sampling survey of political trust of Hong Kong

residents to the government of Hong Kong University polling center. The independent variable input and output data of the Hong Kong government's public service expenditure and other control variables are derived from the Hong Kong statistical yearbook (1993-2016) published by the census and statistics department of the Hong Kong SAR government.

3.2 Variables

The dependent variable in this article is the political trust of Hong Kong residents to the Hong Kong government. Political trust data are fairly intuitive statistics. The use of tracking data from local surveys in Hong Kong can reflect the relationship between the government's public service efficiency and residents' political trust relatively truly. In this article, the political trust value of residents from 1992 to 2015 was used as the dependent variable (Ptrust). The higher the value, the higher the political trust of Hong Kong residents to the government. Hong Kong government's public service performance is selected as the independent variable (PSeff) in this article. The Data Envelopment Analysis is used to calculate the input-output efficiency of public expenditure.

Suppose there are n decision units ($j=1,2,\dots,N$), each decision unit has the same m input ($I=1,2,\dots,M$), each decision unit has the same s output ($r=1,2,\dots,S$). X_{ij} represents the i input of the j decision unit, Y_{rj} represents the output of the r term of the j decision unit, and for each decision unit, j can have the following efficiency evaluation index.

Based on linear programming, the efficient convex production frontier boundary is constructed, and the low efficiency decision unit and its efficiency value can be identified. This method has great advantages in dealing with multiple inputs and multiple outputs when they cannot be converted into uniform units. The operation of linear programming can avoid the measurement problems such as simultaneous equations error and equation setting error. In this paper, we use the assumption of constant return on scale to calculate the efficiency from the perspective of output. Considering that Hong Kong is a highly developed modern city and residents' most important concern of the public goods mainly are the education, health care and social welfare about personal development and the interests of the elements, such as used in this article the input variables have education input, welfare, health investment, infrastructure investment, output variables have public roads, the number of students, teachers, social welfare, medical beds, a decision making unit for every year^[13]. The following figure (Figure 3) shows the efficiency value of public

expenditure over the years.

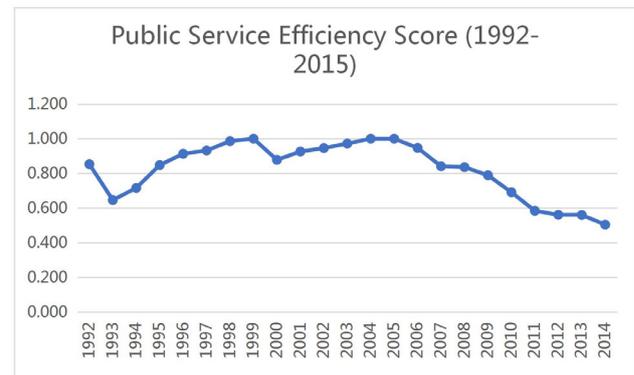


Figure 3. The efficiency trend of Hong Kong's public service expenditure from 1992 to 2015

3.3 Control Variables

The unemployment rate is an extremely important statistic to reflect the social basic level for a city economy with a single economic form like Hong Kong. This paper will control the variable of the unemployment rate (Unem) in the regression model. As mentioned above, the degree of social development and living standard are important indicators for Hong Kong residents to judge the administrative efficiency of the government, because the economic situation will directly affect people's overall judgment of the society in which they live, and thus their satisfaction with the political system. Therefore, this paper will also control the variable of per capita GDP (GDPpc). Hong Kong's economic development has benefited from the reform and opening up of the mainland and the increase of residents' consumption capacity. A large number of mainland consumers go shopping in Hong Kong after policy implementation of independent travel and this phenomenon has made Hong Kong residents change the attitude towards mainland residents. It shows that the scarcity of resources has a great impact on the socio-political trust of Hong Kong residents. Therefore, this article will control the Tourist variable. At the same time, due to the scarcity of resources, the continuous growth of local population will also lead to the shortage of resources and the decrease of the efficiency of government public services, which may lead to negative feelings of residents towards government. So Mid-year demographic variables (Popu) in Hong Kong will also be controlled in the regression model.

Returning to the motherland is a major political change for Hong Kong society. In studying the political trust of Hong Kong residents to the government, this paper puts the time variable of 1997 (D1997) in the quantitative

analysis as the test of robustness. Of course, considering that 1997 is only a total time variable, this paper will further test the effect of the independent variable public service efficiency and the interaction term (PSeff x D1997) in 1997. In addition, PEratio of the Hong Kong government’s expenditure on public services as a proportion of the total government expenditure is also a significant indicator variable, so this paper also included it as a control variable into the robustness test model.

3.4 Variable Descriptive Statistics

Table 1 shows the overall statistical description of the data. Residents’ political trust in the government is between 30% and 59%, with an average of about 46%. The average input-output efficiency of public services is 0.83, with a maximum of 1 and a minimum of 0.5. Spending on public services averaged 37% of the government’s general budget, with a peak of 41% and a minimum of 31%. Between 1992 and 2015, Hong Kong’s resident unemployment rate averaged 4.2%, with the highest year at 7.9% and lowest at 1.9%. Per capita GDP is about 190,000 yuan. About 25 million visitors annually visit Hong Kong.

Table 1. Descriptive statistics of variables

Variable	Meaning	Average Value	Standard Deviation	Max	Min
Ptrust	Political Trust	.4571125	.085157	.299	.5908
PSeff	Efficiency Score	.83	.161	.50	1
Unem	Unemployment	.0422083	.0169038	.019	.079
GDPpc	GDP per capita	196824.8	71521.18	112119	316635
Popu	Population	6718925	414507.6	5800500	7305700
Tourist	Visitors to HK	2.50e+07	1.69e+07	8010524	6.08e+07

3.5 Model

This paper conducts quantitative regression model analysis of data from 1992 to 2015 in Hong Kong. The regression model is as follows:

$$Y_t = \beta_0 + \beta_1 * X_t + \beta_z * CV_t + \varepsilon_t$$

Among them, Y_t represents the dependent variable, namely the trust value of residents to the Hong Kong government; X_t represents the independent variable. In this study, government public service efficiency (PSeff) was used. CV represents other control variables that may affect Y . This paper controls the unemployment rate (Unem),

GDP per capita (GDPpc), population (Popu) in that year (Tourist).

The empirical results. In this paper, least square estimation is used as regression analysis method and robust standard deviation is used. Table 2 shows the results of the regression analysis.

Table 2. Model regression results

	(1)	(2)	(3)	(4)
Variables	OSL 1	OSL 2	Tobit 1	Tobit 2
PSeff	0.396*** (0.128)	0.430*** (0.107)	0.405*** (0.117)	0.433*** (0.0862)
Unem	-4.026*** (0.973)	-4.456*** (0.941)	-4.224*** (1.046)	-4.608*** (0.886)
GDPpc	1.55e-06*** (3.97e-07)	1.99e-06*** (5.67e-07)	1.52e-06*** (3.69e-07)	1.95e-06*** (4.76e-07)
Popu	-9.98e-08 (7.20e-08)	4.20e-08 (8.40e-08)	-9.32e-08 (6.73e-08)	5.01e-08 (7.18e-08)
Tourist	-3.53e-09 (2.27e-09)	-4.32e-09 (2.81e-09)	-3.47e-09 (2.02e-09)	-4.19e-09* (2.29e-09)
PEratio		0.940** (0.442)		0.933** (0.360)
PSeff×D1997		0.155 (0.207)		0.166 (0.170)
D1997		-0.270 (0.186)		-0.283* (0.154)
Constant	0.752* (0.372)	-0.513 (0.482)	0.713* (0.353)	-0.555 (0.404)
Observations	24	24	24	24
R-squared	0.770	0.882		

Note:
Robust standard errors in parentheses
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

From the results of model 1, it can be seen that the value of public service efficiency has a significant effect on people’s trust in Hong Kong government ($\beta=0.396$;

$p_value < 0.01$). In other words, the higher the efficiency of public services, the higher the citizen's political trust in the Hong Kong government. When the Hong Kong government increases the efficiency level of public services by 1%, residents' trust in the government increases by 0.396%. Therefore, the above hypothesis is verified. The input-output efficiency of the government in public services such as education, health care and social welfare will directly affect residents' political trust in the government.

Considering the time attribute of data, the interaction term (PSeff×D1997) of the public service efficiency of the time-dummy variable and independent variable D1997 was added in model 2 as the robustness test. In 1997, this important time point of Hong Kong's return did not have a significant impact on residents' trust in the Hong Kong government. The estimated value of model 2 coefficient is consistent with model 1, and the result is quite robust. Considering the limited trust range of dependent variables, the Tobit regression model is also applied as the robustness test, and the interaction terms of D1997 and PSeff×D1997 are also put into the Tobit regression analysis. The results are consistent with ordinary least squares estimation. In particular, the interaction term between the independent variable and 1997 is always not significant in the regression model. Although 1997 was the time of Hong Kong's return to the motherland, the efficiency of public services has always played an important role in Hong Kong residents' political trust in the Hong Kong government. In addition, the results of the control variable also met expectations, and the coefficient of unemployment rate was significantly negative, reflecting that the higher the unemployment rate, the lower people's trust in the government. With each 1 per cent increase in unemployment, trust in government will fall by 4-4.6 per cent. The coefficient of per capita GDP is significantly positive, indicating that the higher per capita GDP level is, the higher people's trust in the government will be.

4. Conclusion

(1) With the rapid pace of China's urbanization in recent years, urban society has gradually changed from an immigrant society to a collection of various interest groups. The issue of political trust in urban governance is extremely important. Political institutions and political actors need to maintain social harmony in the formulation of policies and political practices and prevent social contradictions from accumulating and deteriorating^[14]. It has been 20 years since the return of Hong Kong to the motherland. The central government is very determined to

maintain Hong Kong's long-term prosperity and stability. However, in the light of the international economic and political trends, Hong Kong's aura in the original advantageous fields has faded, the young generation has encountered great challenges in employment, resettlement and other aspects, and Hong Kong society even faces an unprecedented risk of being torn apart. In particular, the "occupy central" incident in the summer of 2014, the rejection of the central government's proposal on Hong Kong's political reform by the legislative council in 2015, and the swearing-in of the new legislative council in 2016 forced people to think about various difficult problems in perfecting Hong Kong's constitutional development in the new stage, in order to maintain Hong Kong's sustained prosperity and stability. What's more, the more radical and disturbing trend of Hong Kong independence is brewing and fermenting in Hong Kong society, making it more and more important to solve the problem of political trust in Hong Kong society. In the new historical period and the new social context, the Hong Kong SAR government has a special political responsibility in social public services, economic restructuring and development, public participation and youth policy.

(2) Cities play an important role in the cultivation and development of civil society. It is easier for city dwellers to get involved in political campaigns about the government's public services^[15]. There are certainly studies that suggest that social participation, as a manifestation of civic sexuality, can generate political trust^[16]. Three months after taking office, the new SAR government, with Mrs Lam as its chief executive, delivered its first policy address, which put forward the idea of paying more attention to people's livelihood. Under the concept of administration, the government's work in its public service can be combined with the development of deliberative democracy mechanism. The former President of Hong Kong's legislative council, Tsang Yok-sing, has also proposed to the government the idea of improving the public participation mechanism. Given the new background of constitutional development, the consultative democratic mechanism related to public services is bound to contribute to the further development of Hong Kong society. Hong Kong people have complex and even contradictory feelings about the system. They may distrust the system on the one hand, but they are accustomed to solving problems through the system on the other hand. Therefore, the SAR government should pay more attention to the relationship between residents' participation in social movements and the cultivation of political trust^[17]. Hong Kong's good social security and civic quality have been one of the main reasons

why mainland tourists are willing to travel in large numbers. In Hong Kong's previous political system, "strong administration-led, efficient civil service system, consulting system" has its advantages. It is closely related to Hong Kong's ability to achieve such prosperity while maintaining social stability at the same time. The establishment of Hong Kong's efficient, clean and neutral civil service system is commendable in the context of Chinese political and cultural background. The new government should continue to strengthen Hong Kong's institutional advantages in these aspects.

(3) Strengthen regional cooperation and extend the public service space. As the population continues to grow, resources, especially in areas such as education and medical care, become increasingly scarce and it is increasingly difficult to improve the efficiency of public services in Hong Kong. Therefore, the government needs to turn to the demand-oriented public supply mode to win greater recognition from residents^[18,19]. The central government proposed in the National People's Congress and the Chinese people's political consultative conference that we should vigorously develop the Guangdong-Hong Kong-Macao greater bay area. The Hong Kong government should take the opportunity to expand the scope of public services, strengthen coordination with other governments in the greater bay area, and strive for greater public service space for Hong Kong^[20]. Hong Kong's rising medical and pension costs have long restricted the health and mental status of the elderly and the sick. Even though the government has increased the investment of higher education and the investment of scientific and technological research and development fund, the high cost of land, entrepreneurship and technology transformation has made it impossible for Hong Kong to complete the construction of scientific and technological innovation center independently and give play to the high internationalization advantage of Hong Kong science and technology education. Therefore, it is important that the Hong Kong government with the aid of a great opportunity for the construction of the bay area of Guangdong, the government and the surrounding area cooperative medical and health innovation, science and technology education and other public goods supply mechanism, the entry and exit, tax reform, the respect such as social security policy, borrowed from the pearl river delta region space and manpower advantage, to further improve the Hong Kong government public service ability and the input and output efficiency.

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