

EXITS, VOICES AND SOCIAL INVESTMENT

Over fifty years ago, Albert Hirschman argued that dissatisfied consumers could either voice complaint or exit when they were dissatisfied with goods or services. Loyal consumers would voice rather than exit. Hirschman argued that making exit easier from publicly provided services, such as health or education, would reduce voice, taking the richest and most articulate away and this would lead to the deterioration of public services. This book provides the first thorough empirical study of these ideas. Using a modified version of Hirschman's account, examining private and collective voice, and viewing loyalty as a form of social investment, it is grounded on a dedicated five-year panel study of British citizens. Given government policies over the past decade or more which make exit easier from public providers, this is a timely publication for all those who care about the quality of government services.

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THEORIES OF INSTITUTIONAL DESIGN

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EXITS, VOICES AND SOCIAL INVESTMENT

Citizens' Reaction to Public Services

KEITH DOWDING

AND

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Preface and acknowledgements

We started looking at the sorts of issues considered in this book as far back as 1989 when we drafted a paper, 'Rational Choice Approaches to Local Government' (delivered at the Political Studies Association conference in Durham, 1990) on the functional distribution of goods and services in urban communities. Our aim was to consider the efficient nature of public service provision in terms of the characteristics of different goods and services, and the changing demands of the public in differing economic conditions. One side of that efficiency question is the possibility of mirroring market efficiencies through choice of providers, either through quasi-markets or through competition at the local level through 'Tiebout exit' that we briefly discuss in this book. Armed with an Economic and Social Research Council (ESRC) grant (R000 23 3815 'Population Movements in Response to Taxes and Services') in 1993, with a follow-up grant four years later ('Citizen Choice and Population Movements: The Impacts of Local Taxes and Services on Location Decisions', R000 9000 236658), we examined the 'exit' side with studies of geographical mobility in response to local tax and services. A number of articles resulted from those grants (Dowding *et al.* 1994; John *et al.* 1995; Dowding 1996; Dowding and John 1996; 1997; John 1997; Dowding and Mergoupis 2003; Dowding 2008; 2008) including a piece that examined Hirschman's exit, voice and loyalty relationship (Dowding *et al.* 2000) as it became increasingly clear that the politics or 'voice' side of citizen satisfaction was crucial in considering efficiency in public services.

The current research was conducted under the ESRC public services initiative directed by Professor Christopher Hood, Gladstone Professor of Comparative Politics at Oxford University. We received two grants: 'Public

Services: Exit and Voice as a Means of Enhancing Service Delivery’ RES-153-25-0056, and ‘Public Services: Exit and Voice as a Means of Enhancing Service Delivery: Phase II’ RES-166-25-0012. This enabled us to collect the five-year panel data on attitudes to public services that our empirical results in this book are based upon. We thank the Economic and Social Research Council for its support of our work over the years, especially the latter awards under the Hood programme. This is the first of two planned books based upon these research awards.

The survey reported on in Chapters 5 and 6 was conducted by YouGov over a five-year period from 2005 to 2009. We would like to thank all the people at YouGov, especially Briony Gunstone, for their advice and help in facilitating the reasonably smooth process of conducting the survey and providing the data in the form we required. The data are lodged at the ESRC data archive for replication purposes and further research (www.data-archive.ac.uk/).

A number of people have been helpful over the years. We would first like to thank Thanos Mergoupis, who worked with us on our second ESRC award, ‘Citizen Choice and Population Movements: the Impacts of Local Taxes and Services on Location Decisions’, and from whom we learned much. Together with Mark Van Vugt he helped us draft ‘Exit, Voice and Loyalty: Analytic and Empirical Developments’ (*European Journal of Political Research* vol. 37, no. 4, 2000, pp. 469–95). Parts of that review appear in a few paragraphs especially in Chapter 3 and Appendix A, which precises some of the review. We thank Thanos and Mark for allowing us to use parts of the original article.

The bulk of this book was written at the Australian National University in Canberra, when Peter John was a Visiting Fellow of the Politics Program at the Research School of Social Sciences for eight weeks in July and August 2009 and he would like to thank the ANU for supporting that visit. We profited from the unique opportunity it gave us to complete the first draft of the book, prising Peter John away from his many projects in the UK. We thank Emlyn Williams (ANU Statistical Consulting Unit), Tony Bertelli and Ian Plewis for their advice on the modelling.

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