Blame or Gain?
Is Institutional Trust impacted by the Perception of Political Influence in State-owned Enterprises?

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Abstract: English

Investigating institutional trust has a strong tradition in public administration research (Bouckaert and Van de Walle 2003; Van de Walle et al. 2008; Grimmelikhuijsen et al. 2013). Blame attribution theory suggests that citizens may blame politicians for serious distrust in public service providers, however there is only scarce evidence with respect to municipally owned corporations in a private law context (Bisgaard 2015; Van den Bekerom et al. 2021).

Considering a large-scale survey experiment on 2,023 German citizens, we investigated whether citizen trust in local energy providers is affected by perceptions of political influence. Evidence suggests that there is a small bias effect of perceived influence, however this effect contradicts with the blame attribution hypothesis. We find that citizens are much more positive towards direct political influence than predicted.

Abstract: German

Die Untersuchung von institutionellem Vertrauen hat eine lange Tradition in der Forschung zur öffentlichen Verwaltung (Bouckaert und Van de Walle 2003; Van de Walle et al. 2008; Grimmelikhuijsen et al. 2013). Die Theorie der Schuldzuweisung legt nahe, dass Bürgerinnen und Bürger Politikerinnen und Politikern die Schuld für ernsthaftes Misstrauen gegenüber öffentlichen Dienstleistungsanbietern geben könnten, allerdings gibt es nur wenig Belege für kommunale Unternehmen in einem privatrechtlichen Kontext (Bisgaard 2015; Van den Bekerom et al. 2021).

Anhand eines groß angelegten Umfrageexperiments mit 2.023 deutschen Bürger:innen haben wir untersucht, ob institutionelles Vertrauen der Bürger:innen in lokale Energieversorger durch die Wahrnehmung des politischen Einflusses tangiert wird. Die Ergebnisse deuten darauf hin, dass es einen kleinen Verzerrungseffekt des wahrgenommenen Einflusses gibt, der jedoch im Widerspruch zur Hypothese der Schuldzuweisung steht. Wir stellen fest, dass die Bürger:innen dem direkten politischen Einfluss gegenüber viel positiver eingestellt sind als vermutet.

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1   Introduction

With the shift towards *Behavioral Public Administration* (BPA), perceptions of institutional trust have also become a focal concern for those investigating blame shifting and negativity biases (Grimmelikhuijsen et al. 2017). "Blame as the act of attributing a (..) 'bad' outcome to a particular person, group or organizational entity by an audience, is a central part of citizens' interaction with politicians and public managers" (James et al. 2016, 83).

Because of negativity bias, avoiding blame is more important to politicians than claiming credit for positive actions (James et al. 2016, 87; Alicke 1994). As rational, vote oriented politicians are expected to shift or avoid blame for institutional misbehaviour, they have developed several strategies like shifting blame to others, minimizing public attention or shifting public attention elsewhere (Heinkelmann-Wild et al. 2023; Hansson 2018; Schönhage et al. 2023). Researchers like Marvel and Girth (2016) hypothesize that the accountability chain linking service producers and political actors will influence citizen's attribution of blame for failure, e.g. contracting may be used as a strategy by politicians to avoid blame for failures (Hood 2011). However, corporatization efforts have not been subject to systematic empirical investigation in this respect (for an exception, see Van den Bekerom et al. 2021).

Within blame and gain shifting research, theorists rely on a positive and a negative perspective: Blame attribution suggests that citizens will implicitly attribute blame towards politicians for institutional non-compliance and poor outcomes. Credit shifting suggests that citizens will implicitly attribute credit towards politicians for compliant behavior and good institutional outcomes (Ramirez 2021; Marsh and Tilley 2010).

While many studies considering perception biases are concerned with a public-private divide between institutions (e.g. Meier et al. 2019; Hvidman 2019), the presented study discusses a variety of frames within a corporatized municipally owned corporation (MOC) scenario. Considering a large-scale survey experiment on 2,023 German citizens, we investigate whether citizen trust in local energy providers is affected by perceptions of political influence. We are particularly interested in cases where trustworthiness is either shattered by negative evidence or elevated by positive information. Blame and credit shifting is solely investigated from the viewpoint of the citizens themselves. Albeit interesting, the viewpoints and strategies of politicians are not considered in this study.

We focus on electricity and warmth provision - a core local public service in Germany. The vignette experiment used an online panel of 2,023 German citizens and presented them an audit scenario suggested and adapted from Van den Bekerom et al. (2021). An introductory corporate description was followed by a random allocation of three different information cues about trustworthiness within an external compliance audit: 1) compliance in the top percentile group 2) compliance in the least percentile group, 3) control group.

We pose the research question whether poor/good institutional compliance will be a) sanctioned/rewarded by a citizens' loss/gain of trust and b) followed by blame/gain shifting towards politicians. The remainder of this study is organized as follows. The next section introduces the conceptual orientation and hypotheses. We then introduce the data and methodology. After presenting our findings, we use our insights to highlight our core contributions to the discussion. To conclude the article, we outline potential avenues for future research.

2 Theoretical Framework

Investigating institutional trust has a strong tradition in public administration research (Bouckaert and Van de Walle 2003; Van de Walle et al. 2008; Grimmelikhuijsen et al. 2013). Although governmental institutions are expected to deliver on purpose and obey certain rules, there is scepticism among citizen groups concerning the following of rules and outcomes in complex public service delivery (Van de Walle and Michelbrink 2021). Nevertheless, citizen trust in institutions like agencies or state-owned enterprises is necessary because it fosters undistorted relationships and mutual interactions (Silver 1985).

According to one common definition, trust is defined as "the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party" (Mayer et al. 1995, 712). Within this realm, trustworthiness refers to the perceived characteristics of the object of trust by an individual (Kim 2005).

Institutional trustworthiness as a measure of citizen trust is generally assumed to comprise three dimensions: perceived competence, benevolence and integrity (Mayer et al. 1995; McEvily and Tortoriello 2011; Kim 2005). Perceived competence means that citizens perceive an organization as effective, skillful and professional. Benevolence trustworthiness is the extent to which citizens perceive the organization as caring about the public interest and general welfare. Lastly, perceived integrity refers to the perception of an organization as honest, sincere and fulfilling its promises (Grimmelikhuijsen et al. 2023, 2; Kim 2005).

According to the complementary perspective on trust and regulation, regulatory oversight is needed to breed institutional trustworthiness by enforcing compliance regimes and gathering valuable data (Van de Walle and Six 2014; Grimmelikhuijsen et al. 2023). Because institutional trust is built over long periods of time, restoral will consume time and resources. On the one hand, an unpredictable crisis might shake citizens' institutional trust at shorthand. On the other hand, transparent, positive information might restore citizen trust and increase organizational reputation. Hence, in cases of weak institutional trust, governments have adopted strict transparency strategies (Gilad et al. 2015). Referring to this complementary perspective on trust and regulation, we hypothesize:

> *H1a Cues for dishonest behaviour of the organization will result in lower specific institutional trustworthiness as compared to the baseline industry level of general trustworthiness.*
>
> *H1b Cues for honest behaviour of the organization will result in higher specific institutional trustworthiness as compared to the baseline industry level of general trustworthiness.*
>
> *H2a Cues for dishonest behaviour of the organization will result in lower specific institutional trustworthiness as compared to the control group.*
>
> *H2b Cues for honest behaviour of the organization will result in higher specific institutional trustworthiness as compared to the control group.*

Just like institutional trust, blame shifting is a cross-disciplinary topic. From an individual perspective, blame attribution theory thrives to explain the origins and determinants of blame shifting (Alicke 1994; Alicke 2000). According to the blame attribution perspective,

citizens will attribute blame based on their perceived level of control by the actor in question and their perceptions of the outcome (Alicke 2000; Alicke et al. 2008), e.g. if a particular actor is perceived as controlling the particular action, blame for negative outcomes will be attributed more strongly.

Schlenker et al. (1994) describe three common aspects of responsibility: (1) prescription – what is supposed to be done; (2) identity – the sense of self, and (3) the situation/event relevant to the prescription. People are commonly held responsible if they are perceived as able to apply control, professionally obliged to do so and there is enough clarity about the situation. The stronger the linkages between the three, the stronger their responsibility is commonly perceived (Schlenker 1997; Heider 1958). Consequently, intent and controllability of the event are two pre-conditions for blame attribution.

However, blame attribution decisions might be distorted by certain biases. First of all, negativity bias taught us that negative events and scandals outweigh positive performance events (Alicke 1994; James 2011). Second, studies on blame attribution have detected an anti-public sector bias influencing perceptions of performance (Marvel 2015; Hvidman et al. 2016; Hvidman 2019). Third, citizens often form their opinions based on incomplete information. If people are unable to disentangle chains of accountability because of hidden complexity, citizens use information cues as a substitute for detailed information (James 2011; Jilke et al. 2016). Hence, judgements might be based on cues of the situation, identity and prescription.

Hood (2002) claims that contracting to private providers may be used as a strategy by politicians to avoid blame for failures. Hitherto, the evidence concerning public versus private provision varies. Piatak et al. (2017) examine service delivery failure (= illegal garbage dumping) and find that - except for the case of public budget cuts - citizens attribute blame to the sector providing the service. However, some studies demonstrate that citizen dissatisfaction with private providers might also be shifted towards governments (Piatak 2021; Van Slyke & Roch 2004). In case of the military, federal government is always held accountable, regardless of who is providing the service (Johnson et al. 2019; Ramirez 2021). James et al. (2016) find that even delegation to a public unit inside the government reduces blame to local politicians. In conclusion, contracting seems a less viable instrument of blame shifting than expected.

Unlike contracting, corporatization places a state-owned provider between the government unit and the citizens receiving the services. In today's public sectors, municipally owned corporations are an often-used organizational vehicle to deliver public services (Tavares 2017; Vakkuri et al. 2021). We conceive of MOCs as 'organizations that have an independent corporate status (predominantly under private law) with a majority public ownership' (Voorn et al. 2017, 832). In Germany, MOCs are subjected to a two-tier board structure: the management board manages the corporation based on a contract while the supervisory boards are commonly equipped with local politicians and administrators holding managers accountable and compliant (Krause and Van Thiel 2019; Leixnering et al. 2021).

In case of a public service failure, the situation in MOCs is quite fuzzy. On the one hand, the top management is held responsible for managerial mistakes. On the other hand, politicians are contractors and 'guardians of the public interest' - therefore, they are in fact involved in the delivery of the public service provided. At the same time, they are - in their roles as supervisory board members - obliged to supervise the behavior of the managers.

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However, not much research has focused on this particular type of organization in terms of blame attribution theory. One notable exception is an experiment by Van den Bekerom et al. (2021). They find that - in case of an MOC - negative responses to low performance information cues are moderated and intensified by general anti-public sector preferences. In case of a public sector preference, they do not find discrepancies between public and private sector evaluations. In their conclusion, the authors suggest that some tasks are considered primary public sector tasks, e.g. public safety. Under these preconditions, private failure might be condemned more strongly.

On the contrary, Leland et al. (2021) observe that citizens will attribute more blame to governments providing inhouse services. Their results show that contracting reduces the level of blame attributed to the government and that blame for contract failures varies depending on the structural level of government (e.g. federal versus local level). According to Hood (2002), additional layers of accountability (e.g. contracting) will disguise political influence and reduce blame attribution. Due to the complexity of accountability in MOCs, we suggest that citizens will still attribute blame to politicians, as long as they perceive them as able to apply control and professionally obliged to do so. Based on blame attribution theory, we hypothesize:

H3: The link between cues for dishonest behaviour of the organization and lower institutional trustworthiness will be moderated by perceived political influence.

H4: The link between cues for honest behaviour of the organization and higher institutional trustworthiness will be moderated by perceived political influence.

3   Data and Methodology

3.1   Sample

For our survey experiment, 2023 German citizens (age > 18) were interviewed. The survey was an online survey conducted in December 2022 by Norstat Deutschland GmbH. The data sample was matched as closely as possible to be fairly representative in terms of age, gender and geographical distribution in the German federal states (see Appendix E for details). For gender (comparison data only available for male vs. female) an imbalance was present in the sample: Male people were overrepresented in the sample (53.07%) compared to the general population (49.26%). No participants were excluded before analysis.

3.2   Methods

We follow the approach by van den Bekerom et al. (2021) who conducted a survey experiment among 2,623 Dutch citizens to investigates citizens' perceptions of service delivery by public and private organizations. While that study aims to understand whether citizens are more critical of public organizations than private ones when it comes to failing service delivery, we apply a comparable scenario to understand how citizens perceive the influence of a compliance and corruption vulnerability audit on institutional trust in SOEs and whether they hold politicians accountable for the (mis)success of this audit.

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3.3 Measures

Materials were presented in German. In the experiment, participants were first asked about their overall attitudes towards state owned enterprises as well as their general institutional trust in municipally owned electricity and warmth providers. The measurement of institutional trust included 9 items of which three each formed one of three categories of institutional trust: perceived competency, perceived benevolence, and perceived honesty (Grimmelikhuijsen et al. 2013). If not otherwise indicated, participants rated each statement on a five-point Likert scale, ranging from 1 'completely disagree' to 5 'completely agree'. The option 'do not know/no answer' was also available.

Participants were then randomly assigned to one of three experimental conditions in a between- subjects design. In each of the experimental conditions, a fictitious local energy supply company owned by a municipality was presented. This company pursues the goal of offering the most comprehensive services possible in the supply of electricity and warmth. All participants were also informed that an external audit regularly assesses the compliance and vulnerability to corruption of companies in the electricity and heating supply industry in Germany on the basis of a 'trust rating'. While the control group (Reference Group) did not receive any further information, the treatment groups were provided with information regarding the results for the placement of the company under consideration. For one treatment group the local electricity provider was placed in the 17th position in a ranking of 100 companies (High Compliance Group), in the other treatment group it was placed in the 83rd position (Low Compliance Group). Participants were then asked to rate the specific institutional trustworthiness in the local energy supplier in the same manner as before.

After the manipulation had taken place, three further items were assessed to determine the perceived influence of politicians on the company in general, its decisions and the company's result in the 'trust rating'. Because they comprise the facets of perceived political influence on the company's actions, these items were later used as a proxy to account for the amount of blame shifting towards politicians in the different scenarios.

In addition, we included items concerning background characteristics of the participants in terms of whether they work in the public sector, for a state-owned enterprise or for a company in the electricity and heat supply industry, and whether they had already had negative experiences with companies in the electricity and warmth supply industry.

To ensure the generalizability of the findings, the participants were randomly assigned to one of the three groups.

3.4 Descriptive statistics

A scale "general institutional trustworthiness" was built out of the nine items measuring general institutional trust in municipally owned electricity and warmth providers (Cronbach's α = .949). The scale "specific institutional trustworthiness" comprised the nine items pertaining to institutional trustworthiness in the local energy supply company (Cronbach's α = .963). Another scale "political influence" was calculated out of the three items determining the perceived influence of politicians on the company and its rating (Cronbach's α = .861). Internal Reliability was satisfactory for all three scales, no items were excluded. Means and standard deviation are reported in table 1 (for individual items, see

Appendix A-C). Range for all scales was from 1 (fully disagree) to 5 (fully agree). Participants had to be excluded if they chose 'do not know/no answer' on all items. For all three scales the means deviated upwards significantly from the middle of the scale (3), $p < .001$. This indicates that participants tended to have high average ratings of institutional trustworthiness in municipally owned electricity providers. Although they were not given any further information, participants also perceived a high average of political influence on the presented company and its actions.

Scale	Condition	Mean	SD	N
General Institutional Trustworthiness (Sector)	Reference	3.51	0.799	656
	High Compliance	3.61	0.825	652
	Low Compliance	3.52	0.802	658
	Overall	3.55	0.809	1966
Specific Institutional Trustworthiness (Company)	Reference	3.79	0.751	616
	High Compliance	3.91	0.787	635
	Low Compliance	3.57	0.867	629
	Overall	3.76	0.815	1880
Political Influence	Reference	3.41	0.903	592
	High Compliance	3.46	0.954	605
	Low Compliance	3.47	0.879	604
	Overall	3.45	0.912	1801

Note: "Do not know/no answer" excluded

Table 1: **Descriptive Statistics for the scales used in the analysis, divided up by condition.**

4   Results

Hypothesis 1 was tested using a repeated-measures ANOVA (n = 1861). General institutional trustworthiness and specific institutional trustworthiness scales were entered as the within-subjects factor, while condition was the between-subject factor.
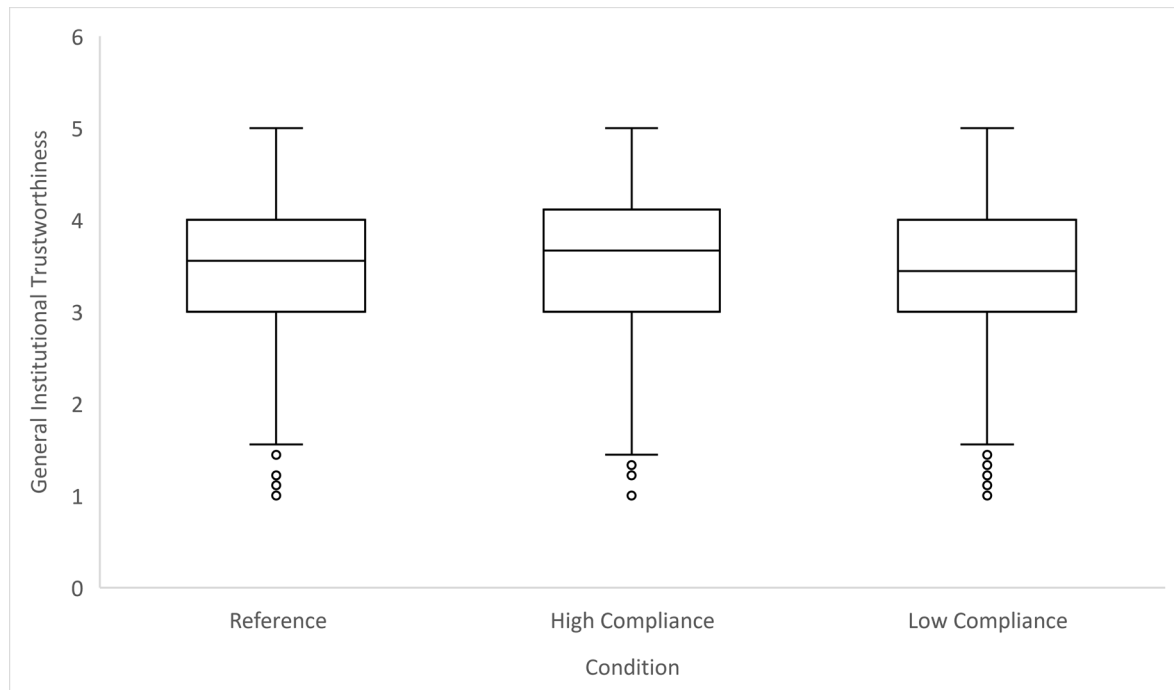
Figure 1: **Boxplot for means of general institutional trustworthiness in the three experimental conditions. Error bars are standard deviations. Individual points are outliers.**

To test for robustness, we examined if there are differences in general institutional trustworthiness between the three experimental groups using a single-factor ANOVA (n = 1966). As expected, there were no statistically significant differences between the experimental group means before the intervention (p = .072; see fig. 1). However, the repeated-measures ANOVA revealed that the mean of the overall specific institutional trustworthiness scale was higher than the mean for industry level institutional trustworthiness (p < .001). We then compared the means of general (=industry) and specific (=organizational) institutional trustworthiness between each experimental group using paired t-tests: General institutional trustworthiness and specific institutional trustworthiness were not significantly different from each other in the low compliance condition (p = .622) – thus rejecting hypothesis 1a. However, the overall increase can be attributed to significant differences in institutional trustworthiness for both the high compliance group and the reference group. With reference to the paired t-test results (p < .001), hypothesis 1b is confirmed - cues for honest behaviour of the organization will result in higher specific institutional trustworthiness as compared to the baseline industry level of trustworthiness (see fig. 2)
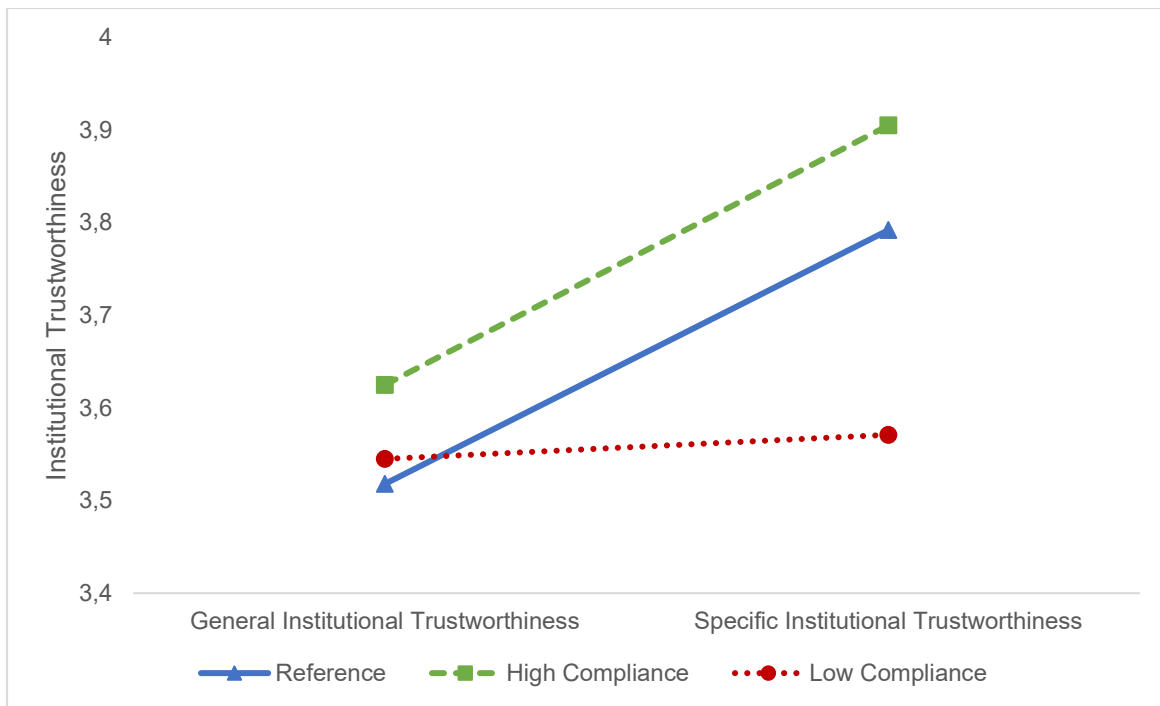
Figure 2: Institutional Trustworthiness as a function of general vs. specific and the experimental condition.

In order to test the hypotheses 2 - 4, data was analyzed using a linear regression model with experimental condition and political influence scale as the independent variables (n = 1790). The experimental groups were marked through indicator coding. The control group served as the reference, because there were no cues included (Control condition: $b1 = 0$, $b2 = 0$; High compliance condition: $b1 = 1$, $b2 = 0$; Low compliance condition: $b1 = 0$, $b2 = 1$). Specific institutional trustworthiness scale was entered as the dependent variable. Variables were centered prior to analysis. This overall model test was significant, $F(5, 1784) = 45.801$, $p < .001$ and explained 11.38% of the variance (R^2). All main effects and interactions were significant.

While specific institutional trustworthiness was higher in the high compliance condition as compared to the control condition ($p = .036$), it was significantly lower in case of the comparison between the control condition and the low compliance condition ($p < .001$). These mean differences were pointing towards the expected direction: Compared to no cues provided, participants receiving a low compliance rating of the organization assigned lower institutional trustworthiness. The rating reversed for those receiving a higher compliance rating. Thus, hypothesis 2a and 2b can be confirmed.

The political influence scale had a significant main effect on specific institutional trustworthiness across all three experimental groups ($p < .001$): Higher perceived political influence on the electricity company was associated with higher institutional trustworthiness in that organisation.

In addition, we included two interaction terms: *Low compliance condition x Political influence* and *High compliance condition x Political influence*. Both interactions were significant ($p < .001$ and $p = .007$), thus confirming hypotheses 3 and 4 (see table 2). Although additional explained variance was low (0.8%) both interaction terms contributed

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significantly to the model, $F(2,1784) = 7.918$, $p < .001$ and hence qualified the main effects reported above.

VARIABLES	Specific Institutional Trustworthiness
Reference Condition vs. Low Compliance Condition	-0.25***
	(0.044)
Reference Condition vs. High Compliance Condition	0.09*
	(0.044)
Political Influence	0.14***
	(0.035)
Low Compliance Condition x Political Influence	0.19***
	(0.049)
High Compliance Condition x Political Influence	0.13**
	(0.048)
Constant	3.80***
	(0.032)
N	1790
R²	11.38%

*Note: Linear regression model with experimental condition and political influence scale as the independent variable and specific institutional trustworthiness as the dependent variable. Standard deviations of the parameters in brackets; * p < .05, ** p < .01, *** p < .001*
Table 2:   Parameters of the linear regression model used for testing hypotheses 2-4.

To further illustrate the interactions, they were probed at -1SD / +1SD of the political influence scale (see fig. 3): At a low level of perceived political influence (-1SD) specific institutional trustworthiness does not differ significantly between the reference group and the high compliance group. But the difference is significant for the comparison between the reference group and the low compliance group, with trustworthiness being lower in the latter group.

At high levels of perceived political influence (+1SD) the effect was reversed compared to low levels of political influence: The reference group displays significantly lower specific institutional trustworthiness values compared to the high compliance group. Participants in the low compliance group displayed comparable levels of specific institutional trustworthiness as the reference group.

In conclusion, the interaction term for *Low compliance condition x Political influence* is positive buffering the low compliance condition. Conversely, the interaction term for *High compliance condition x Political influence* is also positive, but in this case boosting the high compliance condition.

Figure 3: Values of specific institutional trustworthiness scale in the experimental conditions at three levels of the political influence scale (SD = Standard Deviation).

5 Discussion

In this study, we have used a novel measurement procedure for blame attributions and did not directly assess blame. In contrast, we relied on a two-step procedure by (1) measuring institutional trustworthiness in different experimental conditions and (2) capturing the perceptions of political influence in each of these conditions.

Within this method, our first pair of hypotheses H1a and H1b could be tested as a comparison between the general level of MOC trustworthiness in the industry and the specific level of institutional trustworthiness in a single presented organization. Rejecting H1a, we learned that an information cue about dishonest behaviour of the organization does not necessarily reduce institutional trustworthiness as compared to the industry level of trustworthiness.

However, social psychologists offer an explanation we describe as psychological distance: as long as the industry is a general domain, the perceivers have a rather abstract image without any emotional attachment towards a particular object. When a concrete object is presented and described verbally, a higher sense of emotional involvement becomes necessary (Zaichkowsky 1985) - eventually leading us to a more positive trustworthiness rating as compared to the general (anonymous) industry rating.

Psychological distance differences are also present when considering the perceptions of a specific politician (e.g. Ursula von der Leyen) versus politicians in general (Halmburger et al. 2018). Schwarz and Bless (1992) describe the context-dependency of public opinion measurement when considering political trustworthiness. Depending on a scandal

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presented, the level of trust in the political class is likely to decrease while the judgements of specific politicians may differ from the general opinion depending on the perceived inclusion/exclusion in/from the scandal (Schwarz and Bless 2013).

We assume that a positive attachment effect overcompensated the weak cue for dishonest behaviour of the company leading us to reject H1a. H1b however, was supported by the data. The positive difference between specific institutional trustworthiness and general industry trustworthiness is significant.

Based on these first results, we advise further studies to pay more attention towards biases when considering differences between general industry and specific organization ratings. In addition, our result advices future experimenters to take a pre-test-post-test design into account. In order to insulate the effect of the manipulation, scores of the participants might be surveyed with the same questions in a pre- and post-treatment situation to account for biases like the one detected.

Considering hypotheses H2a and H2b, each of our manipulations were successful, e.g. the compliance index influenced the users' specific institutional trustworthiness ratings in the expected directions in both of the two scenarios. Both ratings significantly differ from the control group rating. Although our dependent variable is trust and we reformulated the organization text, this result might also be seen as an effective experimental replication of the scenario chosen by Van den Bekerom et al. (2021).

Lastly and most importantly, we tested for an interaction effect between the experimental condition (high/low compliance) and perceived political influence. While political involvement serves as a significant interaction variable in the two experimental groups, the directional effect is difficult to explain. According to blame attribution theory, higher political influence might correlate with the level of compliance in order to mitigate or boost trustworthiness.

If credit was shifted towards politicians in case of higher compliance, then we might have expected a positive moderator boosting institutional trustworthiness. This positive effect of political influence is supported by our data. When citizens were presented a positive scenario, they attributed credit in terms of trustworthiness that correlated and interacted with political influence.

Unexpectedly, we detect a contrary effect of perceived political involvement in the low compliance group: If blame was shifted towards politicians in case of lower compliance, then we might have expected a negative moderator on institutional trustworthiness. Instead, the moderator is positive and significant. In essence, blame attribution is reversed: politicians seem to reap the benefits of the positive scenario without risking being the target of blame in case of low compliance.

While the extent of the positive interaction is only very small meaning that real life effects are unclear or only visible at a larger scale, the effect is still there and robust because of the large sample size involved. But given the size of the public corporate sector in Germany (approximately 19,661 SOEs generated total revenues of around 536,6 bn € in 2020), even very small effects can have vast consequences. The finding has a practical implication as well: politicians might use corporatized entities to disguise or cover up unpopular strategic decisions and even in some cases non-compliant behaviour. Because the general public is quite unaware of the accountability arrangements in state owned enterprises, this finding is even more intriguing and deserves particular attention in future studies.

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One limitation of our study is that we collected data during the height of the 2022 gas crisis which was marked by heavy state intervention into the electricity and warmth industry. It is possible that this influenced the overall results of the study. On the one hand, this might limit generalizability and call for replication in more stable times. On the other hand, this might give insights into dynamics during crisis, which are usually difficult to tap into, since real world factors are outside of experimental control. Another limitation is that the data was acquired by survey and therefore all data can be traced back to this common source.

6   Conclusion

The results challenge the simple dichotomy between in house and private provision when considering blame avoidance mechanisms. As state owned enterprises may be described as hybrids operating between the public and private sphere, the public opinion about blame in SOEs has not been subject to extensive review. For Germany, we find that citizens are indeed very trustful towards public sector production in the electricity and warmth industry.

Interestingly, we even detect a positivity bias concerning political influence when confronting citizens with a low compliance rating. Even in situations of lower compliance, trustworthiness is likely to increase when perceived political influence rises. It seems that citizens believe in a trust enhancing effect as long as political decision makers are in charge of the situation.

Considering our initial research question whether poor/good institutional compliance will be sanctioned or rewarded by a citizens' loss/gain of trust and followed by blame/gain shifting towards politicians, we conclude with an intriguing answer: poor institutional compliance will be sanctioned by a citizens' loss of institutional trust but the blame is not easily shifted towards political decision makers. Instead, politicians are perceived as 'guardians of the public interest' bringing trust and vulnerability to the company. Therefore, blame remains within the organization. Even in a negative scenario, the positive effect of political influence on institutional trustworthiness remains robust and significant. Albeit the effect is quite small, politicians might benefit from this positivity bias in several ways: first of all, they might apply several strategies to shift blame towards the managers of state-owned enterprises while still proclaiming to secure the public interest, e.g. accusing the managers publicly for compliance faults or replacing the managerial board by political means. Secondly, they might disguise unpopular strategic decisions by shifting them to the companies. Nevertheless, CEOs in MOCs are no autonomous actors - they are always subject to political interventions on prices, strategy, HRM and general managerial matters (Krause and Van Thiel 2019). Even in severe situations of low transparency, political patronage or corruption, this study describes a small but hazardous tendency of citizens to tolerate misbehaviour in MOCs without holding politicians accountable for their intervention.

On the other hand, politicians gain from positive compliance cues. Better compliance is rewarded by higher trustworthiness of citizens which is then accompanied by significant gain shifting towards politicians. Not only the positive effect of political influence on trustworthiness remains robust, the moderator in the high compliance scenario also displays significant positive effects on trustworthiness as compared to the reference group.

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This means that politicians seem to gain from the positive scenario without risking being the target of blame in case of low compliance. Again, politicians might benefit from a strategy that stresses their political influence on the company, strengthening their role as 'guardians of the public interest'.

In conclusion, our study offers ground for regulatory agencies on the national and international level to set strong compliance rules and enlarge their corporate governance efforts in order to not only ensure compliance inside the companies but also control for their political environments. Our study points towards the hazards of manipulation and blame shifting within this specific hybrid form of service provision.

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8 Supplementary Material

Item	Mean	SD	Min./Max.
When it comes to the municipal area of "electricity and heating utilities", I think that…			
Municipally owned corporations are competent	3.65	0.939	1/5
Municipally owned corporations are effective	3.49	0.967	1/5
Municipally owned corporations are professional	3.61	0.979	1/5
If customers need help, municipally owned corporations will do their best to help them	3.63	0.981	1/5
Municipally owned corporations act in the interest of their customers	3.5	0.956	1/5
Municipally owned corporations are genuinely interested in the well-being of their customers	3.53	1.007	1/5
Municipally owned corporations are sincere	3.58	0.941	1/5
Municipally owned corporations honor their commitments	3.45	0.942	1/5
Municipally owned corporations are honest	3.45	0.959	1/5

Note: Items were originally presented in German. n = 1884 – 1928 ("do not know/no answer" excluded)

Appendix A: General Institutional Trustworthiness Questionnaire

Item	Mean	SD	Min./Max.
The "Stadtwerke Energie GmbH" is competent	3.81	0.894	1/5
The "Stadtwerke Energie GmbH" is effective	3.76	0.906	1/5
The "Stadtwerke Energie GmbH" is professional	3.82	0.931	1/5
If customers need help, the "Stadtwerke Energie GmbH" will do its best to help them	3.81	0.923	1/5
The "Stadtwerke Energie GmbH" acts in the interest of its customers	3.75	0.948	1/5
The "Stadtwerke Energie GmbH" is genuinely interested in the well-being of its customers	3.73	0.954	1/5
The "Stadtwerke Energie GmbH" is sincere	3.78	0.940	1/5
The "Stadtwerke Energie GmbH" honors its commitments	3.68	0.951	1/5
The "Stadtwerke Energie GmbH" is honest	3.67	0.968	1/5

Note: Items were originally presented in German. n = 1785 – 1838 ("do not know/no answer" excluded)

Appendix B: Specific Institutional Trustworthiness Questionnaire

Item	Mean	SD	Min./Max.
In my opinion, local politicians have a high degree of influence over the "Stadtwerke Energie GmbH"	3.53	0.998	1/5
In my opinion, decisions made by the "Stadtwerke Energie GmbH" are shaped to a large extent by local politicians	3.49	0.998	1/5
In my opinion, local politicians have a direct influence on the result of the trust rating	3.33	1.076	1/5

Note: Items were originally presented in German. n = 1737 – 1753 ("do not know/no answer" excluded)

Appendix C: Perceived Political Influence Questionnaire

	General Institutional Trustworthiness	Specific Institutional Trustworthiness	Political Influence
General Institutional Trustworthiness	1		
Specific Institutional Trustworthiness	.668***	1	
Political Influence	.228***	.273***	1

*Note: *** p < .001*

Appendix D: Correlation Matrix for scales used in analysis

Variable	% Sample	% Germany
Age		
18-20	3.36	3.48
21-39	23.53	28.25
40-59	35.74	32.81
> 60	37.37	35.46
Gender		
female	46.93	50.74
male	53.07	49.26
Federal states		
Schleswig-Holstein	3.95	3.50
Hamburg	2.47	2.24
Mecklenburg-Vorpommern	1.98	1.93
Niedersachsen	8.80	9.65
Bremen	0.59	0.81
Brandenburg	3.11	3.05
Berlin	4.55	4.45
Sachsen-Anhalt	2.47	2.59
Nordrhein-Westfalen	22.74	21.50
Hessen	7.91	7.58
Thüringen	2.13	2.52
Sachsen	5.14	4.84
Rheinland-Pfalz	5.19	4.93
Saarland	1.33	1.18
Baden-Württemberg	10.87	13.37
Bayern	16.76	15.85

Note: All values for % Germany are based on official statistics by the "Statistisches Bundesamt" (destatis.de)

Appendix E: **Comparison of gender, age and geographical distribution between the sample and the general German population (in 2022)**

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