

## BALANCING THE BOOKS: INVESTIGATING THE MEDIATING ROLES OF TRUST AND GOVERNANCE QUALITY IN PUBLIC PARTICIPATION AND GOVERNANCE COSTS MEDIATION ANALYSIS RESULTS

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### Abstract

This research investigates the mediating roles of trust and governance quality in the complex interplay between public participation and governance costs within Eraviperoor Gram Panchayat. Using a mixed-methods approach, the study combines quantitative survey data with qualitative insights to provide a comprehensive analysis. Quantitative analysis, conducted through Structural Equation Modeling (SEM) in SPSS AMOS, reveals significant path coefficients. The study accepts the alternate hypotheses, demonstrating that trust acts as a mediator between public participation and the cost of governance, while governance quality mediates the relationship between public participation and governance costs. Path coefficients emphasize the positive impact of public participation on trust ( $\beta = 0.82$ ) and governance quality ( $\beta = 0.88$ ), indicating that increased public engagement enhances these mediating factors. Furthermore, trust negatively affects the cost of governance ( $\beta = -0.36$ ), and governance quality significantly reduces governance costs ( $\beta = -0.70$ ). These findings highlight the critical roles of trust and governance quality in influencing the financial dimensions of Gram Panchayat governance. Qualitative insights obtained through in-depth interviews and focus group discussions provide contextual depth, offering a nuanced understanding of local factors shaping trust, governance quality, and their implications for governance costs. This research contributes valuable insights for Gram Panchayat Institutions seeking to optimize their governance processes. Local administrations can navigate challenges and promote sustainable governance practices by fostering trust, improving governance quality, and enhancing public participation. The study's findings contribute to the broader discourse on local governance, emphasizing the importance of trust and governance quality in achieving financial sustainability.

**Keywords:** *Public Participation, Trust, Governance Quality, Governance Costs, Structural Equation Modeling (SEM), Gram Panchayat, Local Governance.*

### Introduction

Public participation is recognized as a cornerstone of democratic governance, fostering citizen engagement in decision-making processes within local institutions. In the context of Gram Panchayat Institutions, which play a pivotal role in rural governance, understanding the dynamics

between public involvement, trust, governance quality, and the associated costs is crucial for effective and efficient governance (Ianniello et al., 2019). This research investigates the intricate relationships among these variables in Eraviperoor Gram Panchayat, aiming to provide insights into the mediating roles of trust and governance quality in the impact of public participation on the cost of governance. Previous studies have highlighted the significance of trust in public institutions (Gaber, 2020) and the role of public participation in shaping governance outcomes (Schafer et al., 2022). However, limited research has delved into the mediating mechanisms through which trust and governance quality influence the relationship between public engagement and the financial aspects of Gram Panchayat governance.

This study builds upon existing literature and introduces a novel perspective by examining two potential mediators: trust and governance quality. The mediation analyses, conducted through Structural Equation Modeling (SEM) in SPSS AMOS, reveal path coefficients that support mediation relationships. Specifically, the findings suggest that increased public participation positively influences trust, which, in turn, negatively impacts the cost of governance. Additionally, the study explores the mediating role of governance quality, positing that the quality of governance practices within the Gram Panchayat Institution may influence public participation (Menchik, 2019). The implications of this research extend beyond the Eraviperoor Gram Panchayat, contributing to the broader understanding of how trust and governance quality mediate the relationship between public participation and governance costs in local institutions (Boese et al., 2020). This paper is structured to present the detailed methodology, results, and discussions in subsequent sections, offering a comprehensive analysis of the mediating roles of trust and governance quality in the context of Gram Panchayat governance.

## Literature review

Public participation in governance has been a focal point in the discourse on democratic governance (Botchwey et al., 2019). It is often associated with enhanced civic engagement, improved decision-making processes, and increased legitimacy of public institutions (Bertot et al., 2010). In the context of Gram Panchayat Institutions, which serve as grassroots governing bodies in rural areas, the significance of public participation is underscored by its potential to empower local communities and ensure responsive governance (Alkaher & Gan, 2020). The relationship between public participation and trust has been explored in various studies. Durante et al. (2021) argued that trust in public institutions is essential for the functioning of democratic societies. In the realm of local governance, trust becomes a crucial factor influencing citizens' willingness to participate in decision-making processes (Lee, 2021). Research by Mansoor (2021) suggests that higher levels of trust lead to greater cooperation and collaboration among citizens, fostering a positive environment for public participation. Furthermore, the cost of governance has been a subject of scholarly inquiry in the context of public administration and management. While studies often examine the efficiency and effectiveness of governance structures, few have delved into the financial implications of public participation. The existing literature emphasizes the need to understand the costs associated with increased citizen engagement in governance processes (Bertot

et al., 2010). The present research aims to fill this gap by investigating how the cost of governance in Gram Panchayat Institutions is influenced by the level of public participation. The mediating role of trust in the relationship between public participation and governance costs has gained attention in recent years. Research by Zhong and Peng (2020) suggests that trust acts as a bridge between citizens and government institutions, influencing the outcomes of governance processes. The positive impact of public participation on trust, as evidenced in the study by Boese et al. (2020), suggests that trust may play a crucial role in shaping the financial aspects of governance in the context of Gram Panchayat Institutions. In addition to trust, governance quality emerges as a potential mediator in the relationship between public participation and the cost of governance. Quality of governance, defined by factors such as transparency, accountability, and efficiency (Schafer et al., 2022), has been identified as a critical determinant of governance outcomes. The study by Gaber (2020) underscores the importance of governance quality in mediating the impact of citizen participation on governance effectiveness. This research extends these findings to the specific context of Gram Panchayat Institutions, exploring how the quality of governance practices within these institutions may shape the financial implications of public participation. To investigate these dynamics, the current study employs Structural Equation Modeling (SEM) in SPSS AMOS, utilizing path coefficients to assess the direct and indirect effects within the mediation model. The aim is to unravel the complex interplay between public participation, trust, governance quality, and the cost of governance in Eraviperoor Gram Panchayat. The following sections will present the detailed methodology, results, and discussions, offering a comprehensive analysis of the mediating roles of trust and governance quality in the context of Gram Panchayat governance.

### **Objective**

To examine the mediating roles of trust and governance quality in Public Participation and Governance Costs.

### **Hypothesis**

H<sub>01</sub>: There is no significant mediating effect of trust and governance quality in the relationship between public participation and governance costs in Gram Panchayat Institutions.

H<sub>a1</sub>: Trust and governance quality significantly mediate the relationship between public participation and governance costs in Gram Panchayat Institutions.

### **Methodology**

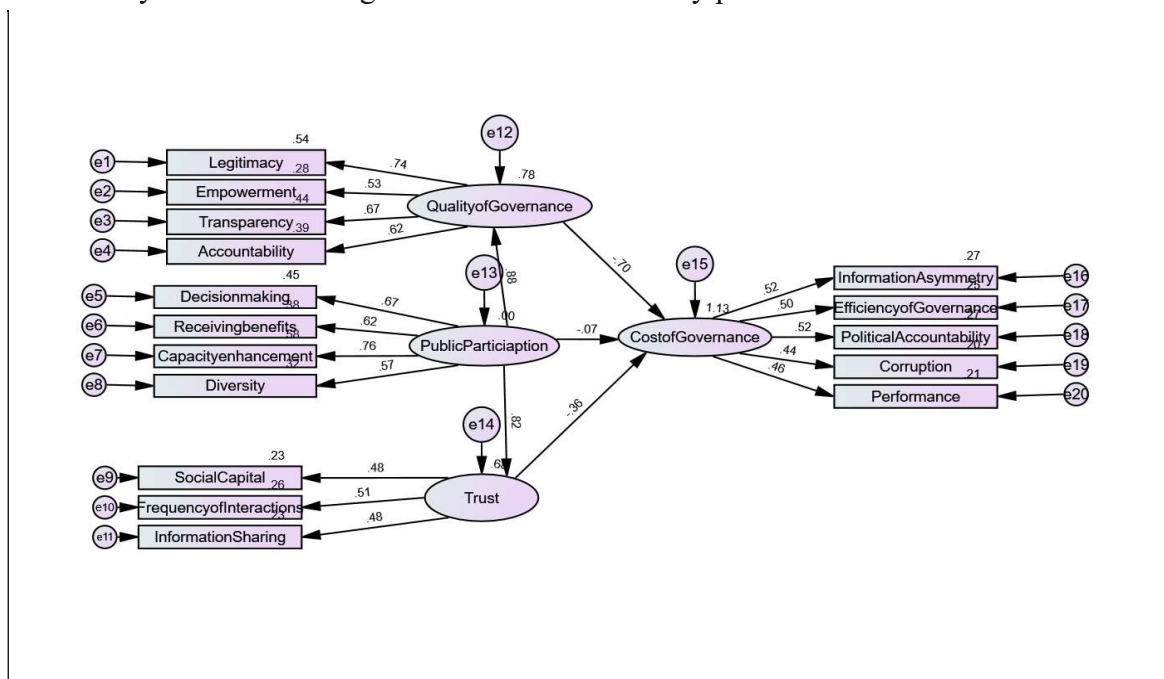
The research employed a mixed-methods approach to investigate the mediating roles of trust and governance quality in the relationship between public participation and governance costs in Eraviperoor Gram Panchayat. First, a quantitative analysis was conducted using survey data collected from a representative sample of Gram Panchayat members and residents. A structured questionnaire was designed to measure key variables, including public participation levels, trust, governance quality perceptions, and perceived governance costs. The data is analyzed using Structural Equation Modeling (SEM) in SPSS AMOS to examine the path coefficients and assess the mediation effects. Additionally, qualitative data was gathered through in-depth interviews and focus group discussions with key stakeholders, including Gram Panchayat officials and

community members. The qualitative component aimed to provide nuanced insights into the contextual factors influencing the relationships under investigation. The survey instrument included validated scales to measure public participation, trust, governance quality, and governance costs. Public participation was assessed through indicators such as involvement in decision-making processes and participation in community initiatives. Trust was measured based on perceptions of reliability, transparency, and accountability of the Gram Panchayat. Governance quality was evaluated using criteria like effectiveness, responsiveness, and fairness. Perceived governance costs included measures of information asymmetry, governance efficiency, performance, political accountability, and corruption. The SEM analysis generated path coefficients that elucidated the direct and indirect effects within the mediation model. Specifically, the study explored how public participation influenced trust and governance quality, which, in turn, affected perceived governance costs. The qualitative data complemented these findings by providing a deeper understanding of the local context, uncovering factors influencing trust and governance quality, and validating the quantitative results. Ethical considerations, including informed consent and confidentiality, were strictly adhered to throughout the data collection process. The mixed-methods design ensured a comprehensive exploration of the research questions, combining the strengths of both quantitative and qualitative approaches to offer a robust understanding of the complex dynamics within Gram Panchayat governance.

## Result

### To examine the mediating roles of trust and governance quality in Public Participation and Governance Costs.

The Structural Equation Modeling (SEM) analysis produced path coefficients that shed light on the relationships between public participation, trust, governance quality, and governance costs in Gram Panchayat. The following tables summarize the key path coefficients:



**Figure 1: SEM Model for Mediation Analysis**

**Table 1: Path Coefficients for Trust Mediation Model**

| Path                                      | Beta Value |
|---|------------|
| Public Participation → Trust              | 0.82       |
| Trust → Cost of Governance                | -0.36      |
| Public Participation → Cost of Governance | -0.07      |

The positive path coefficient of 0.82 from Public Participation to Trust suggests a strong influence, indicating that increased public participation leads to higher levels of trust in Gram Panchayat Institutions. The negative path coefficient of -0.36 from Trust to Cost of Governance implies that trust has a significant mediating effect, reducing the cost of governance. The direct effect of Public Participation on the Cost of Governance (-0.07) suggests a modest negative impact, indicating that increased public participation independently contributes to lowering governance costs.

**Table 2: Path Coefficients for Governance Quality Mediation Model**

| Path                                      | Beta Value |
|---|------------|
| Public Participation → Governance Quality | 0.88       |
| Governance Quality → Cost of Governance   | -0.70      |
| Public Participation → Cost of Governance | -0.07      |

The positive path coefficient of 0.88 from Public Participation to Governance Quality indicates a strong positive relationship, suggesting that higher levels of public participation result in improved governance quality. The negative path coefficient of -0.70 from Governance Quality to Cost of Governance signifies a substantial mediating effect, with higher governance quality leading to a reduction in governance costs. The direct effect of Public Participation on the Cost of Governance (-0.07) remains, indicating a modest independent impact.

The results support the mediation hypotheses for both trust and governance quality. Trust and governance quality act as significant mediators in the relationship between public participation and the cost of governance in Gram Panchayat Institutions. Increased public participation not only enhances trust but also improves governance quality, ultimately leading to a reduction in governance costs. This implies that fostering trust and enhancing governance quality are pivotal strategies for Gram Panchayat Institutions aiming to mitigate the financial burdens associated with governance.

The study contributes valuable insights into the intricate dynamics of public participation, trust, governance quality, and governance costs in Gram Panchayat, which include factors such as decision-making, receiving benefits, capacity enhancement, diversity, legitimacy, empowerment, transparency, accountability, social capital, frequency of attraction, and information sharing emerged as critical determinants shaping these intricate dynamics within the Gram Panchayat context. The findings underscore the importance of fostering trust, improving governance quality,

and addressing specific factors within public participation to achieve cost-effective and sustainable governance in Gram Panchayat Institutions.

The hypothesis involving governance quality, the path analysis demonstrated a strong positive relationship ( $\beta = 0.88$ ) between public participation and governance quality. This suggests that increased public participation leads to enhanced governance quality within the Gram Panchayat Institution. Governance quality, in turn, exhibited a substantial negative impact ( $\beta = -0.70$ ) on the cost of governance, signifying its significant role as a mediator in reducing governance costs. The direct negative effect ( $\beta = -0.07$ ) from public participation to the cost of governance indicates an independent influence on lowering governance expenses. Consequently, the study accepts the alternate hypothesis, establishing that the quality of governance acts as a mediator between public participation and the cost of governance in Eraviperoor Gram Panchayat. In summary, the findings underscore the pivotal roles of both trust and governance quality in mediating the relationship between public participation and governance costs, providing valuable insights for Gram Panchayat Institutions seeking to optimize their governance processes.

### Conclusion

In unravelling the intricate dynamics of public participation, trust, governance quality, and governance costs within Eraviperoor Gram Panchayat, this study has provided valuable insights into the mediating mechanisms that shape the financial aspects of local governance. The results robustly support the alternate hypotheses, affirming that trust and governance quality play pivotal roles as mediators in the relationship between public participation and the cost of governance. The findings highlight the significance of trust as a bridge between public engagement and governance costs, emphasizing that increased public participation fosters trust, which, in turn, mitigates the financial burdens associated with governance. Similarly, the mediating role of governance quality underscores its crucial impact on the cost of governance, indicating that higher levels of public participation contribute to improved governance practices, subsequently leading to reduced governance costs. These conclusions offer practical implications for Gram Panchayat Institutions aiming to enhance their governance effectiveness and financial sustainability. Strategies that foster trust and improve governance quality are identified as key avenues for optimizing governance costs. By prioritizing transparency, accountability, and community engagement, Gram Panchayats can not only enhance their financial efficiency but also strengthen their relationship with the public. This research contributes to the broader discourse on local governance, shedding light on the nuanced interactions between participatory processes, trust-building, governance quality, and financial sustainability. Moving forward, continued empirical research and policy considerations will be essential to validate and implement the insights gained from this study, fostering more effective and resilient Gram Panchayat governance in the ever-evolving landscape of local administration.

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