

Steering and Coordinating Agencies

10 Lessons for the coordination and steering of agencies from 7 Countries

Policy Brief

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In 2017, an international consortium of public administration and political science scholars sent out a survey to the leaders of quasi-autonomous public agencies in seven countries (Australia, Denmark, Netherlands, Norway, Sweden, Switzerland, UK). The survey is part of the [CPA-project](#). The survey was sent to 1.096 agencies and there was a 45% response rate overall. Further information and details on the study can be found in the references provided at the bottom of this policy brief or on the project website.

This policy brief captures the most important conclusions from the study and aims to identify their implications for public policies regarding (quasi) autonomous agencies.

1. Coordination and steering *also work through the perceptions* of those who are coordinated and steered

Central governments use a diversity of policy instruments to coordinate and steer “their” agencies. The CEOs of agencies have *perceptions* of the relevant coordination and steering mechanisms and perceptions vary between CEOs and may also differ from how central governments’ aim to steer and coordinate. Their perceptions of coordination affects how agency CEOs take their daily decisions. The success or failure of central coordination and steering may thus also be the product of how it is perceived by decision-makers in agencies.

2. The CEOs’ *felt accountability* to central government *aligns* decision-making in agencies to the coordination and steering by central government

CEOs *feel* accountable for their decisions to central government to varying degrees. Felt accountability means that the CEO 1) *expects* that she may have to explain her decisions to central government, which she 2) *finds legitimate*, also because central government is perceived to have 3) *the expertise* to properly evaluate those decisions. When CEOs feel accountable to central governments they are likely to voluntarily align their decisions with the perceived preferences of central government.

3. Across all countries, CEOs perceive central governments’ *expertise* to be relatively *weak*

Agencies perform highly diverse, and often technically, legally or operationally complex, tasks. This makes it hard for “outsiders”, including central government, to fully grasp the strategic and substantive decisions taken by agencies. Across all countries, the expertise of central government to properly evaluate substantive decisions in agencies is seen as a relatively weak cog. When you are evaluated by someone who doesn’t

have the capabilities to fully understand what you do, you are likely to take the other less seriously. This is potentially problematic. Central governments, thus, need to ascertain that they have sufficient substantive knowledge of what it is 'their' agencies do.

4. CEOs feel more accountable to central government when their agencies share more information and when they expect that their performance may trigger positive or negative consequences

The felt accountability of CEOs to central governments is systematically related to two aspects of their relationships to central governments. First of all, when agencies *share more information* (via reports, evaluations, letters, informal queries), their CEOs feel more accountable to central governments. Secondly, when CEOs perceive that their strategic decisions may be *punished or rewarded* by central government, they also feel more accountable and find this more legitimate.

The consequence of this finding for central government would be that it is important to be 1) be informed about what the agency does, 2) to be interested and attentive to the information provided, 3) and to signal that it *matters* and to respond to signs of good, but also disappointing, performance.

5. The formal legal type of an agency is not relevant to felt accountability

In all countries there are different legal types of agencies. In the Netherlands, for instance, there is the distinction between 'agentschappen' and 'zbo's'. Highly diverse organizations are rubricated under such overarching umbrellas. Such legal distinctions may be relevant for all sorts of reasons. However, for the perceived accountability relationship to central government they are irrelevant. Other factors – such as the type of task of an organization, size, political contestation – are way more important. From this perspective it is thus unnecessary try to optimize the specific legal embodiment of agencies.

6. (In)formal contacts do, surprisingly, not lead to more felt accountability

Don't be a stranger, is a commonly used adage. When you are in a working relationship, as agencies and central government departments are, it seems only logical to invest time in formal and informal meetings. However, contrary to expectations and recurring policy advice, frequent formal and informal contacts between agencies and central governments are irrelevant to felt accountability. With some hyperbole: government officials could save time by decreasing the number of (in)formal meetings they have with agencies and use that time to seriously engage with reports and other information sent by the agencies and to respond seriously to how the agency performs.

7. Policy autonomy may put a strain on hierarchical relations

Some agencies have more policy autonomy than others. This means that they are more autonomous in taking policy-related decisions, such as the identification of target groups, prioritization of tasks or the choice between distinct policy instruments. Overall, CEOs from more autonomous agencies perceive their parent departments to be significantly less legitimate and to have less relevant expertise. It may be interpreted that policy autonomy – which is never absolute for government agencies – may put a strain on their hierarchical relations.

8. CEOs see central governments as *primus inter pares* in broader webs of accountability

Agencies work 'for' governments but also 'for' specific publics, clients, customers, citizens, professional fields, companies, or other beneficiaries of what they do. Through the eyes of the CEO, they operate in a web of accountability where the demands and expectations from numerous stakeholders are important. Central government is *primus inter pares*. Central government is universally perceived to be the most

important 'stakeholder' yet by no means the only one. This is highly relevant for the effectiveness of steering and coordination by central government. It may be the case that central steering and coordination fails because the agency receives conflicting signals from its other stakeholders.

9. Conflicting demands from various stakeholders are the most important factor affecting the relationship between central governments and agencies

While all CEOs indicate that they operate in a broad 'web of accountability' with many relevant stakeholders, approximately half of them indicate that those various stakeholders also have conflicting expectations regarding important policy decisions. The presence of conflictual demands from various stakeholders has a massive impact on how agencies relate to both central government as well as societal stakeholders. Conflicts intensify patterns of interaction between agencies and central government. Central government intensifies its hierarchical control. The minister herself and senior civil servants will more often engage with the agency. And the agency will intensify its contacts with societal stakeholders. Decision-making in agencies will also be more elaborate and choices will be weighed more carefully. This signals that the formal governance models with which central governments steer and coordinate agencies work significantly different in settled times – when there is no politicized conflict about the agency's tasks – than unsettled times of politicized conflicts. Politics, thus, is more important and influential than formal models of governance.

10. Coordination and steering need to be calibrated – made to fit – in practice to the tasks, (political) context and perceptions in which an agency operates

All governments work with formal generic policy measures and rules with which they coordinate and steer 'their' agencies. Fundamental to those policies are the legal boxes into which organizations are fit. In the Netherlands it matters greatly for formal steering and coordination whether your organization is an agency or a zbo (or something else) even though organizations in all other relevant aspects (task, size, political attention, context) may be similar. Our study, and many before us, suggests that those other aspects (thus: task, size, political attention, context) are much more important than the formal-legal distinction. An effective form of coordination and steering therefore needs to be calibrated – made to fit – to the specific tasks, organizational characteristics and (political) context.

Sources

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