

## Steering and Coordinating Agencies

### Ten ways in which the Dutch experience with agencies is special

#### Policy Brief

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*In 2017, an international consortium of public administration and political science scholars sent 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.*

**This policy brief focuses on 10 ways in which steering and coordination of Dutch agencies is significantly different from experiences in six other countries.**

#### 1. Stronger **primacy** of the **parent** department

In all countries, agency CEOs can point out their 'parent department', although sometimes they have more than one. The parent department is always the most important 'stakeholder' for the CEO. However, in the Netherlands, the primacy of the parent department is even stronger than in all the other countries. Also, other potential 'agents' of central control – such as a coordinating ministry or the cabinet as a whole – are less important in the Netherlands. In line with the horizontal organization of Dutch central government in which all ministries are equally important and the PM is 'only' the chair of the cabinet, the steering and coordination of agencies is very much left to the primacy of the particular parent department.

This has two likely consequences. In the first place, potentially stronger and more cohesive steering and coordination by the parent department in the Netherlands. In the second place, potentially weaker and less cohesive steering and coordination by the government as a whole.

#### 2. Relatively strong additional **checks and balances** in the public sector

Agencies are faced by many additional 'checks and balances' beyond central government. This is the case in all countries, yet it is most strongly the case in the Netherlands. In particular, agency CEOs suggest that, compared to other countries, the additional scrutiny by the national Ombudsman and periodic evaluations is more pronounced in the Netherlands than in other countries.

#### 3. Relatively strong **societal** checks and balances

In addition to the above, interest groups and civil society organizations are significantly more relevant in the Netherlands than in the other countries. This is in line with the classic view that Dutch policy-making is consensual and embedded in societal networks.

Taking these first three points together, we thus see a more *concentrated* hierarchical relationship in the Netherlands, with a relatively strong parent department, in combination with a more *dispersed* broader set of checks and balances, with strong additional formal and societal 'stakeholders' affecting CEOs' decisions.

#### 4. Dutch parent departments **steer AND explain how to row**

During the governance reforms of the past decades, Osborne and Gaebler's famous dictum that governments should stop rowing and start steering has been a major source of inspiration for reformers. The idea would be that governments should explain clearly what they want to see accomplished (steer) leaving the question of how this can be done to the agencies (they must do the rowing). This would also imply that governments should leave room to CEOs of agencies to decide with what policy instruments the goals can be achieved (in the metaphor: 'how to row'). Agencies should then have some autonomy in deciding what policy tools to use, what target groups to focus on or what measures to prioritize.

Compared to their colleagues abroad, Dutch agencies are less autonomous with regards to the selection and use of different policy measures to reach their goals. To stay with the Osborne and Gaebler metaphor: their parent department not only steers them in what direction to go but also how exactly it is to row.

This finding reinforces the impression of a relatively tight relationship between parent department and agency in the Netherlands. The upside could be a relatively strong steering and coordination. The downside could be that agencies perceive to be micromanaged. Also, as the departments' substantive expertise is considered to be underwhelming, it might be that agencies will not be convinced that required measures will be helpful. Either way, Dutch CEOs feel that they are less autonomous in taking policy decisions than their colleagues abroad.

#### 5. Dutch agencies have **more financial autonomy**

Compared to the colleagues in other countries, Dutch agencies experience more financial autonomy. This means that Dutch CEOs experience that they to a greater degree can take financial management decisions, such as shifting between budgets and taking loans. From a relational perspective this is positive, as, overall, financially more autonomous CEOs have a smoother relationship with their parent departments. From a control perspective this suggests that there is less central control over financial management decisions. This seems in line with the formal policies for 'agentschappen' and ZBO's'. From a coordination perspective this signals that Dutch parent departments focus their control relatively more on policy tools and processes than on financial control.

#### 6. Dutch agencies do **less formal reporting ...**

Agencies inform their parent departments through a large number of channels. They may use formal letters, periodic reports, informal calls and many other forms of communication. On the one hand, thus, compared to the other countries, Dutch agencies do less formal and periodic reporting...

#### 7. ... yet do more **on-demand reporting**

... while on the other hand they do more on-demand reporting, for instance by responding in writing after a formal query from the minister or parent department.

This approach signals a form of pragmatic governance. From a communication perspective, it seems practical as this demand-driven approach increases the chance that the department will take an interest in what the agency reports. From a red tape perspective this is also laudable, as this limits the chance that agencies put in large efforts in writing reports that no one wants to read afterwards. From a control perspective this might be a little less sunny. The stream of information will be dominated more by the political attention cycle. The chance that organizational problems are detected in time might decrease.

#### 8. Dutch agencies and departments have **more informal contacts**

In the Dutch consensual political culture, informal alignment and contacts are generally seen as important. This is confirmed by the survey data. Dutch CEOs report significantly more frequent informal contacts with central government than their international colleagues.

#### 9. Dutch agency CEOs are **less concerned about financial repercussions ...**

Agencies work within financial parameters set by central government. Although this is not an official policy anywhere, civil servants in many countries have often expressed that they feel that budgets are used by governments as informal tools to discipline organizations and to sanction or reward performance. Our survey confirmed this perspective. Agency managers do indeed consider that poor performance in some form by their organization might trigger financial repercussions.

Dutch CEOs stand out in this respect. They are significantly less concerned that their performance may set off financial repercussions. In combination with point 5, this suggests that the financial management of Dutch agencies is relatively speaking more professional and more autonomous from classic politico-administrative processes in bureaucracies. Financial management of agencies may be more strongly modeled according to business operations.

#### 10. ... yet CEOs are **more concerned regarding future career options**

Another informal sanction that governments may use is the power of appointments. CEOs of agencies are generally appointed in some process involving central government and their performance on their current job may affect future career options. It is easy to understand that the CEO of an agency falling out with her parent department, irrespective of the reason for this fall out, may not be the first person to be nominated for the next prestigious job.

Compared to their colleagues, Dutch CEOs are significantly more concerned that perceived 'poor' performance may rub off negatively and affect their future chances for positions. This finding aligns with some ongoing concerns regarding the *Algemene Bestuursdienst*, the centralized body coordinating the placement of candidates in top positions in the Dutch public sector.

### Sources

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