

Changed governance relationships in HE as a result of the introduction of NPM

The forgotten case of agencies

Tampere-Peking lecture (online)
28 February 2023

Harry de Boer

NEW PUBLIC MANAGEMENT

- NPM is a widely described and studied phenomenon in public sectors
- The subject is loaded, also in higher education
 - True believers and strong opponents
- Indications that NPM is past its prime



NEW PUBLIC MANAGEMENT



NEW PUBLIC MANAGEMENT

NPM is an overwhelming phenomenon, studied from different perspectives

- **NPM as an ideology - ‘paradigm shift’, from government to governance, public choice theory dominant**
- **Structural changes in relationships and actor constellations – decentralisation, privatisation, deregulation, marketisation, ...**
- **Introduction of new methods and techniques from the corporate sector – stronger performance-related**

Buzz words: effectiveness, efficiency, productivity, and accountability

AGENCIFICATION

- **The disaggregation of units in the public sector, such as the establishment of agencies, as one of the key new public management strategies**
- **Proliferation of agencies as the result of the shift from government to governance**
- **Agencification involves a deliberately planned structural change at the system level, inspired by new public management approaches, with the aim of achieving more effective and efficient service delivery**

AGENCIES AS MIDFIELDERS



Agencies function in between the government and the HE institutions (and other stakeholders)

Operate at arm's length from the state departments, carry out public tasks (such as service provision, regulation, adjudication, certification) at the national level, are staffed by public servants, are (substantially) financed by the state budget and are subject to at least some public law procedures.

AGENCIES: WHY?

Decoupling stages policy cycle: Aims to create clear separation between policy development / formulation and policy implementation

- **Depoliticization (less political interference; no political whims; protecting politicians - blame avoidance)**
- **Creating space for professionals / experts**

In order to:

- **Enhance quality of policies**
- **Providing tailored made services**
- **Higher responsiveness**

THE (almost) FORGOTTEN CASE

It is a highly visible change in public sectors, including HE, yet there is bitterly little research done on this subject in HE (from a governance perspective)



EXCEPTIONS (1)

Gornitzka & Stensaker (2014) – study on the interaction between agencification at the national and the European level

Beerkens (2015) – new regulatory QA agencies in four European countries. Fairly homogeneous model with challenges:

- Fragmentation calling for new modes of coordination;
- Regulatory capture: serving interests of their subjects rather than the public interest;
- Administrators from ministries are losing control.

EXCEPTIONS (2)

Jungblut & Woelert (2018) – agencification in Norway and Australia.

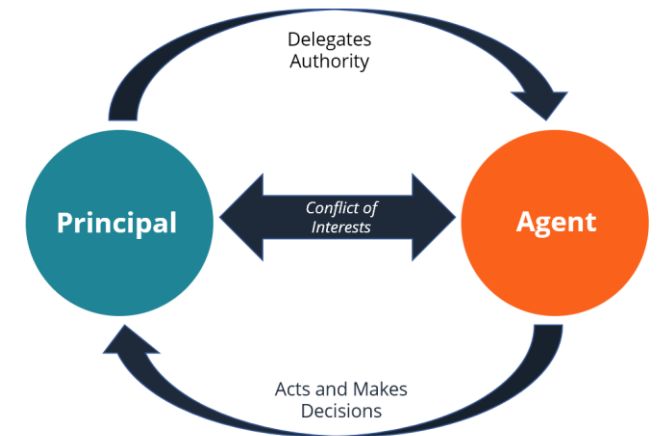
Homogenization of policy dynamics yet different effects for the position of the government. In Norway no decrease in steering control of government, in Australia increase of such control.

Capano & Turri (2017) – two dimensions: formal powers agency and government capacity to act as a principal; leading to four types of agencies: dominant (Italy), additional (France), administrative and instrumental (England) agencies

Friedrich (2019) – comparing Norway and Austria, based on nine ‘theoretical’ scenarios (powers of the ministry and resources of the ministry). Important: changed relationships between government and agency not necessarily a zero sum game.

Several theoretical lenses

- Public policy analysis (e.g. implementation theory – street level bureaucrats)
- Political science (e.g. separation of powers, democratic rule of law, blame avoidance)
- Principal agent theory
 - In a PA relationship, the principal legally appoints the agent to make decisions and take actions on its behalf. PA problem arises when there is a conflict of interest, which typically occurs when the agent acts solely in his/her own interests. Asymmetric information between them (hidden information and hidden action) Agents tend to possess more information than principals and principals cannot observe all actions.



AGENCY RESEARCH PUBLIC SECTORS

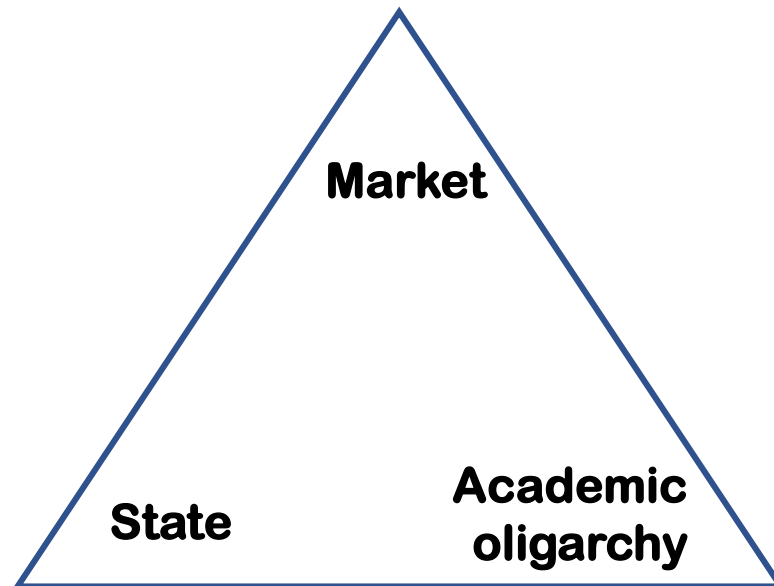
- **Proliferation of agencies enhances the complexity of the policy process**
- **It obscures the actual powers of the state (less transparent, more fragmented)**
- **Erosion of (direct control) of elected politicians; from democracy to technocracy?**
- **Ministers being accountable to parliament but lack information and control**
- **Trade-off between legitimacy and ‘performance’: ensuring democracy and accountability versus strengthening operational capacity**

AGENCY RESEARCH PUBLIC SECTORS

- **Monitoring behavior of agencies**
 - Are agencies willing to provide all information requested?
 - Can the minister provide all information to parliament? Can ministers trust 'their' agencies that this information is comprehensive and correct?
- **Abusing power by agencies**
 - Incentive to act strategically when interest of minister and agencies do not align
 - Captured agencies – client politics: agents serve the needs and interests of their clients instead of the public interest
- **Decoupling does not work – the expanding powers of agencies**
 - Knowledge and expertise of agencies is needed to set agendas and design policies.
 - Ministries as knowledge centres are stripped out and become dependent on agencies' information

RESEARCH AGENDA

Burton Clark's triangle of coordination

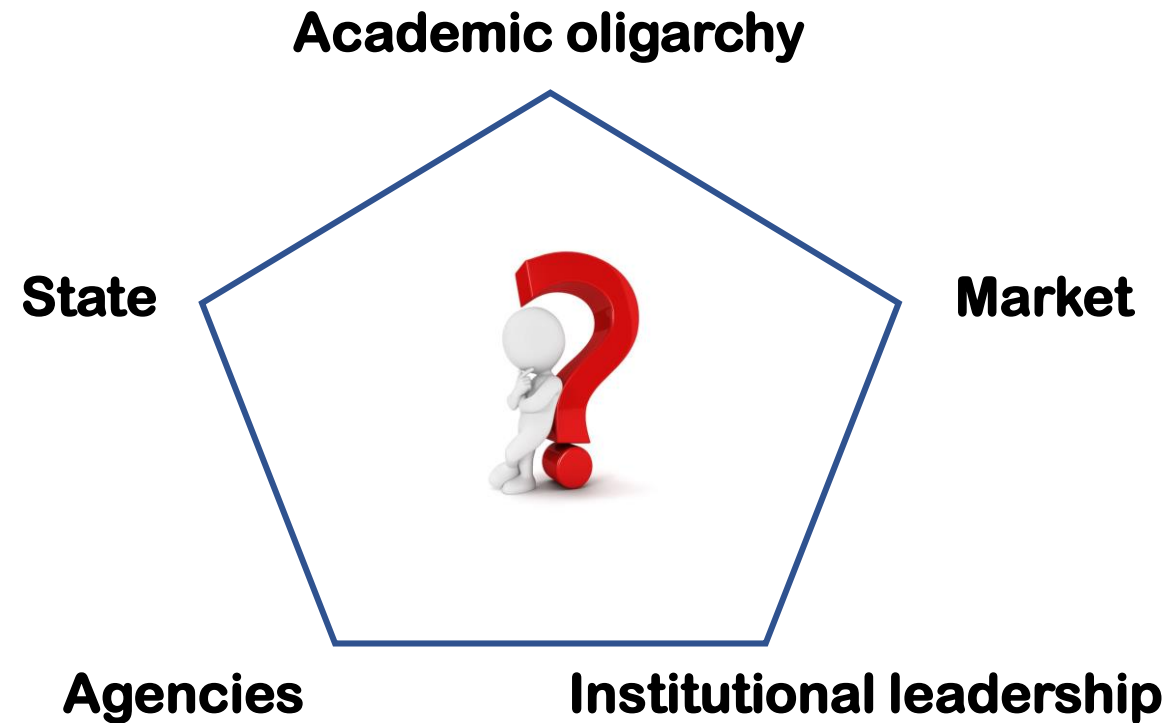


What is the impact of the proliferation of agencies on system coordination?

- **Is the steering power of the state being eroded?**
- **Is the power of academics increasing?**
- **Are there new modes of coordination emerging?**

RESEARCH AGENDA

Towards a pentagon of coordination?



RESEARCH AGENDA

- **Accountability**: what does the proliferation of agencies mean for the relationship between minister and parliament?
- **Rule of law**: what does the proliferation of agencies mean for the checks and balances in the system?
- **Learning**: how to use the knowledge and experiences best to improve the system?
- **Legitimacy**: do agencies contribute to enhancing trust in the system? Are their decisions and actions accepted or (by definition) met with skepticism?