



Autonomy, responsabilisation and performance contracts: Trends and evolutions

Prof. dr. Koen Verhoest

Hoogleraar/Professor

Onderzoeksgroep Management & Bestuur - Public Administration & Management,
University of Antwerp

Overview

1. Performance contracting as instrument to balance autonomy and accountability for results
2. Performance contracting as only one of the instruments between government and agencies
3. Performance contracting as instrument for interorganizational coordination and collaboration?
4. Performance contracting as instrument for co-creation and user participation?
5. Performance contracting as instrument for innovation?
6. Conclusion: preparing for an agile government and the relevance of performance contracting

1. Performance contracting as instrument to balance autonomy and accountability for results

- Managerial autonomy of Belgian agencies rather limited, when internationally compared
- Autonomy of agencies is increasingly under pressure because of more (competing) claims on decision making discretion
 - Stronger linkage to government policy and responsiveness to new policy initiatives
 - Contributing to government-wide transversal policies
 - Synergies, sharing of support services, standard for ICT and other services
 - Financial and fiscal consolidation, but also savings and shrinking financial resources
 - Agile governments need to be able to shift resources between policies and organizations when priorities change
- At the same time, overall trend to allow more managerial flexibility in core-administration

1. Performance contracting as instrument to balance autonomy and accountability for results

- International research (see e.g. COBRA):
 - Autonomy or agency status in itself does not necessarily improve results (Overman 2015)
 - Autonomy in combination with accountability for results: more positive findings (Verhoest et al. 2010; Laegreid et al. 2011; Wynen and Verhoest 2014, see references at the end of the presentation...)
 - Use of modern management techniques
 - Innovative behavior and innovative culture
 - Customer oriented culture
 - Other findings....
 - However, additional conditions are crucial:
 - Need for good governance and leadership
 - Need for good systems for accountability for results
 - Strengths of performance contracting
 - Need for both government and agencies to act as a **reliable and trustworthy** partner

2. Performance contracting as only one of the instruments for control and accountability

- Performance contracting not necessarily the most important instrument
 - COBRA-survey Flanders (Verhoest et al. 2013) – Influence by minister/government on the strategy of the organisation occurs **to a large or very large extent** through :

1. Policy note/letter:	86%
2. Budget:	72%
3. Informal contacts :	69%
4. Performance contract:	51%
5. Business plan:	49%
6. Policy decisions outside performance contract:	45%
7. Planning meetings with CEO's:	45%
8. Formal contacts:	44%
- Governments/ministers do not always adhere to the contract and do not necessarily steer and evaluate based on the contract
 - Critiques of being not flexible/responsive enough to changing political priorities and administrative burdens
 - Some jurisdictions adjust duration of the contract, more closely linked to the cabinet period
 - But need for multi-year perspective for agencies

2. Performance contracting as only one of the instruments for control and accountability

- More crucial is that performance contracting is embedded in frequent interaction and learning attitude based on mutual respect
 - Evolution to **performance dialogue** with attention to multi-year goals and short term challenges
 - Use of performance information for mutual learning
 - Two-way interaction on new policies and on enduring service delivery problems
 - Incentives but not automatically !
 - Interest from the government/ministers in the contract and respect for managerial autonomy
- Performance contracting not the only accountability mechanism
 - Need to consider costs of accountability systems
 - Need to align accountability systems to avoid accountability overload (single audit?)
 - Why combining ex ante and ex post accountability systems ?
 - Financial and performance accountability: more integration?
 - Risk-based differentiation of control systems?

3. Performance contracting as an instrument for coordination and collaboration ?

- Overall, agencification does not make intersectoral coordination and collaboration easier (Bouckaert, Peters and Verhoest 2010)
- However, coordination and collaboration is high on the agenda
 - Government-wide objectives concerning management (e.g. staff diversity)
 - Shared services for management support
 - Sharing/co-management of primary processes (common process units)
 - Transversal goals and integrated service delivery to citizens (chains)
 - Collaboration with other governments and private sector
- Consequences of networked government for performance contracting
 - Singling out organizational responsibility and autonomy more challenging
 - Focus on joint goals, responsibilities and outcomes
 - Rethinking accountability and evaluation (group, peer to peer, network performance)
 - Incentives for collaboration
 - Move toward joint governance – cluster contracts and individual contracts ?

4. Performance contracting as an instrument for co-creation and user participation ?

- Attention for service quality and user orientation is high
- However, traditional and top-down vision on participation?
- Performance contracting: attention for user-centricity, co-creation, and partnerships ?

- Consequences of co-creation and user participation on performance contracting
 - Attention for participation arrangements for users and stakeholders
 - Attention for horizontal accountability arrangements, openness and transparency
 - Besides measurement of customer satisfaction and service quality, also measuring organizational reputation and support by stakeholders and users
 - Steering on results and outcomes

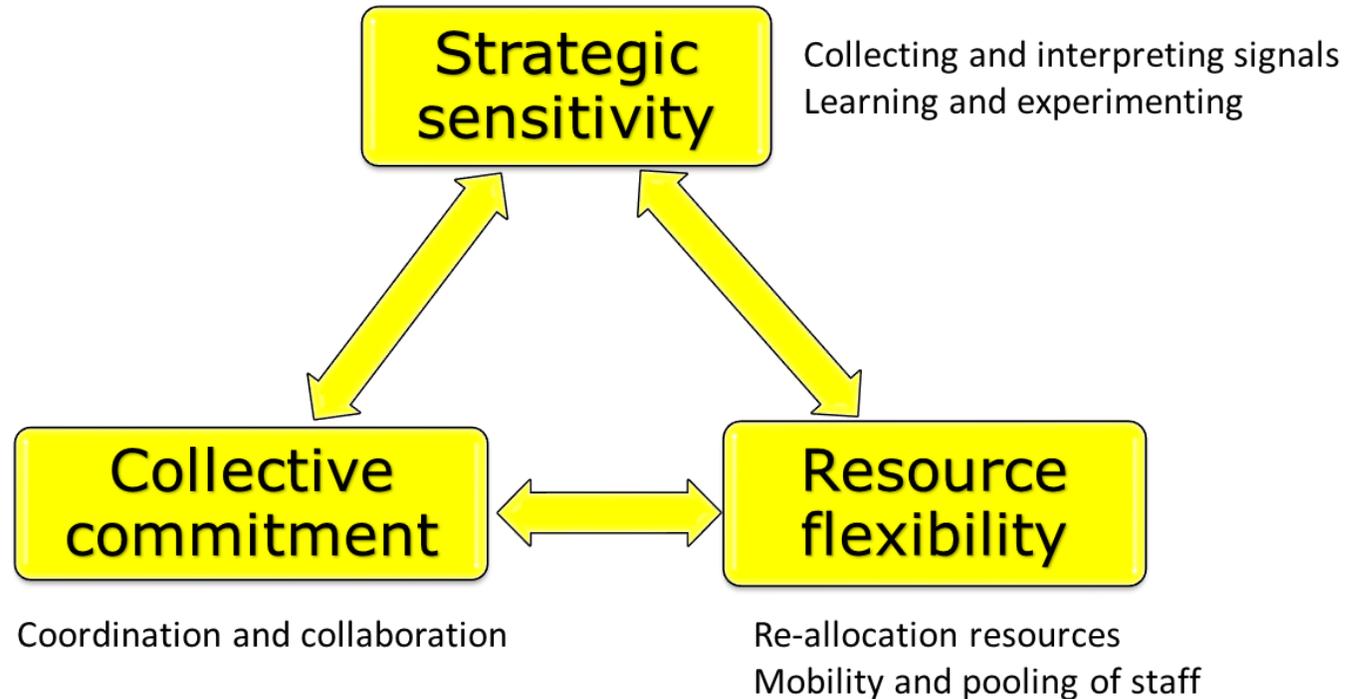
5. Performance contracting as an instrument for innovation ?

- Innovation focussing on ICT-enabled and data-based services
- Room for experimenting and failing
- Collaborative innovation: room for synergy, learning and commitment
- Disruptive technologies (e.g. block chain)

- Consequences for performance contracting
 - Performance objectives and indicators may enhance but also hinder innovation
 - For more radical innovations – performance objectives should focus on results and outcomes
 - Reduce red tape and allow for a culture which also values failing
 - Allow room for experimenting, trial-and-error and ‘slack’
 - Allow for (joint) innovation budgets and pooling of budgets between agencies
 - Invest in network management skills to enhance collaborative innovation

Conclusion

- Making performance contracting fit for Government 3.0
- Network perspective on performance contracting
- Agile government (Doz & Kosonen, 2014, Vandergraesen, Molenveld en Verhoest 2017)



For more information, contact

Prof. dr. Koen Verhoest

Koen.verhoest@uantwerpen.be

<https://www.uantwerpen.be/nl/personeel/koen-verhoest/>

Onderzoeksgroep Management & Bestuur/Public Administration & Management

<https://www.uantwerpen.be/en/research-groups/mb/>

Universiteit Antwerpen

Relevant literature

- On agencies and autonomy

- Koen **Verhoest** (2018). Agencification. In: Edoardo Ongaro and Sandra van Thiel (eds.). The Palgrave Handbook of Public Administration and Management in Europe. Basingstoke: Palgrave Macmillan
- Maggetti, M., **Verhoest** K. (2014). Unexplored aspects of bureaucratic autonomy: A state of the field and ways forward. International Review of Administrative Sciences. -ISSN 0020-8523-80. vol. 80 (2): pp. 239-256.
- **Verhoest**, K., Van Thiel, S., Bouckaert, G., Laegreid, P., (Eds.) (2012). Government Agencies: Practices and Lessons from 30 Countries. Basingstoke: Palgrave/Macmillan.
- **Verhoest**, K., Roness, P., Verschuere, B., Rubecksen, K., MacCarthaigh, M. (2010). Autonomy and control of State agencies: comparing states and agencies. Hampshire: Palgrave Macmillan Ltd..

- On effects of managerial autonomy and result control/accountability

- **Verhoest** Koen & Wynen Jan (2016): Why Do Autonomous Public Agencies Use Performance Management Techniques? Revisiting the Role of Basic Organizational Characteristics, International Public Management Journal 0 (0): 1-31. Published online in early view: 28 Jun 2016. DOI: 10.1080/10967494.2016.1199448 IF (2016): 1.733.
- Wynen, J., **Verhoest**, K. (2016). Internal performance-based steering in public sector organizations: examining the effect of organizational autonomy and external result control. Public Performance & Management Review. Volume 39, Issue 3, 2016: pages 535-559. IF (2016): 0.812.
- **Verhoest** K, Wynen J. (2016). The Nexus between Agencification and Horizontal Accountability: a Multi-Country Survey Analysis. Transylvanian Review of Administrative Sciences., Volume E/2016, Issue 48 pages 184-202
- IF (2016): 0.456
- Wynen, J., **Verhoest**, K. (2015). Do NPM-type reforms lead to a cultural revolution within public sector organizations? Public Management Review, 17:3(2015), p. 356-379. IF (2015): 1.872 (Ranking 9/47 journals in Public Administration). Best Conference Paper Award IRSPM 2013
- Wynen, J., **Verhoest**, K., van Thiel, S., Ongaro, E. (2014). Innovation-oriented culture in the public sector: Do managerial autonomy and result control lead to innovation? Public Management Review, ISSN1471-9037-16: 1 (2014) p.45-66.
- Laegreid, P., Roness, P., **Verhoest**, K. (2011). Explaining the Innovative Culture and Activities of State Agencies. Organization Studies, 32(10), 1321-1347

Relevant literature

- On agencies and coordination
 - Bouckaert, G., Peters, B., **Verhoest**, K. (2010). The coordination of public sector organizations: shifting patterns of public management. London Basingstoke: Palgrave Macmillan.
- On agency collaboration and shared services:
 - Elston, T., MacCarthaigh, M. and **Verhoest** K. (2018). Collaborative Cost Cutting: Productive Efficiency as an Interdependency between Public Organizations. *Public Management Review*.
 - Boon, J., **Verhoest**, K., & De Borger, B. (2017). Hiving off the non-essential: analysing which public organizations outsource administrative overhead. *International Review of Administrative Sciences*. 0 (0): 1-19
 - Boon, J., & **Verhoest**, K. (2017). On The Dynamics Of Reform Resistance: Why and How Bureaucratic Organizations Resist Shared Service Center Reforms. *International Public Management Journal* 0 (0): 1-25.
 - Boon, J.; **Verhoest**, K. (2015). On a Diet: An fsQCA Analysis on the Differences in Overhead Among Public Agencies in the Era of Austerity". *Public Performance and Management Review*. Volume 38, Issue 2, 2015: pages 234-260.
 - Boon J., **Verhoest** K. (2016) By Design or by Drift: How, Where, and Why HRM Activities Are Organized in the Public Sector. *Review of Public Personnel Administration*. 1–25. First published on February 16, 2016 as doi:10.1177/0734371X15626775. IF (2016): 1.474
- On agility: Vandergraesen J., Molenveld A. Verhoest K. (2017). "Wendbare overheid. Wat betekent 'wendbaarheid' en waarop zou een overheid moeten inzetten?". *Vlaams Tijdschrift voor Overheidsmanagement*

Other references used:

Sjors Overman (2015) Great Expectations of Public Service Delegation: A systematic review, *Public Management Review*, 18:8, 1238-1262, DOI: 10.1080/14719037.2015.1103891