

Performance management and accountability of welfare state agencies

The cases of Norwegian hospital, welfare and immigration administration

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Abstract

This paper examines how administrative and managerial accountability are balanced in public sector performance management systems and how the formal affiliation between ministry and agency, and agency tasks affect this balance. The empirical base is a study of the management-by-objective-and result arrangement in five Norwegian welfare state agencies. The paper reveals that there is not a tight coupling between the performance management model and how it works in practice; that there is a complex relationship between administrative and managerial accountability and that performance management system is dependent on organizational factors.

Foreword

This paper is written as part of the research project «Reforming the welfare state, Democracy, accountability and management», funded by the Norwegian Research Council. It was presented at ECPR Joint Session of Workshops in Salamanca, Spain 10-15 April. Workshop on: Administrative organization and the welfare state: Wicked issues and the challenges of accountability, legitimacy and coordination.

Introduction

Traditionally, political and administrative leaders have based their steering, control and legitimacy on the appropriateness of formal structures and decision procedures. The core of public decision-making processes has been that rules should be followed and the formally right actors with the right competence involved, i.e. more of a Weberian ideal (March and Olsen 1983). In this respect 'Old Public Administration' was not so preoccupied by either clear goals and priorities, measuring results or using diverse feedback and scrutiny instruments in any incentive system. With New Public Management (NPM) the balance between input and output legitimation has shifted (Christensen and Lægreid 2001). A main NPM doctrine is management discretion combined with transparent targets and ex-post control by results or performance (Hood and Bevan 2006). It became more important to define unambiguous goals and give clear priorities, to delegate authority to lower levels and subordinate leaders, to choose the right means to fulfil the goals, to have focus on results and their effects, to have feedback mechanisms and scrutiny systems, and reward and punish. Strategic steering, performance management, devolution, output and outcomes became more fashionable (Boston et al. 1996). This system again came under more pressure when measures from post-NPM focused more integration, centralization, central control and capacity again, partly bringing back virtues from Old Public Administration (Christensen and Lægreid 2007). Several studies has shown that this resulted in a more layered or hybrid system (Pollitt and Bouckaert 2011, Christensen and Lægreid 2011).

Two themes feature prominently in the development indicated - accountability and performance (Lægreid 2014). With the changing principles of public organizing, who is accountable to whom, for what and with what consequences? What is the significance of accountability for process/procedures relative to accountability for results and outcomes? We will focus on the relationship between administrative and managerial accountability, two different control logics for the political leadership towards subordinate institutions and leaders in the governmental apparatus.

In administrative accountability the administrative leaders hold subordinates to account on their upholding of standards of practice (Bovens 2007). Controls focus on inputs and on how working procedures transform inputs into outputs (Byrkjeflot, Christensen and Lægreid, 2013: 3-4). Administrative accountability can be secured through «traditional» hierarchical controls, financial and budgetary practices or through rules and regulations that set standards for decision-making. Administrative accountability can also be secured through hands-on direct control through tight direct interaction between leaders and subordinates or unambiguous signals from leaders. A task-related functional requirement for administrative accountability is that working procedures are observable for the leader (Wilson 2000).

In managerial accountability leaders hold subordinate actors and institutions to account on their realization of ex-ante defined output and outcome targets (Byrkjeflot, Christensen and Lægreid, 2013: 3-4). Performance management is the administrative

practice that can secure managerial accountability. Functional requirements for managerial accountability include that targets are relevant, precise, not too many (prioritized) and without too much internal inconsistency (Moynihan, 2006: 79). Managerial accountability also requires that performance towards targets is truthfully reported by subordinate leaders and units, and scrutinized and sanctioned by leaders. A task-related functional requirement is that outputs and outcomes are «observable» from the principal's point of view (Wilson 2000).

An ideal-type performance management is scoring high on managerial accountability and has a high focus on results which is supposed to lead to result-based accountability (Moynihan 2008, 33). If there is low managerial authority but high focus on results the performance system is constrained. There is demand for results, but managers lack authority which might limit performance improvements as well as result-based accountability. Performance management's ability to deliver managerial accountability depends on freedom from traditional hierarchical controls. Without operational authority and flexibility in using resources, a modern public manager cannot be held accountable for the agency's performance towards output and outcome targets (Moynihan, 2006: 79, Verhoest 2005). It follows that public sector leaders through reforms must handle a dilemma: They can increase managerial accountability but probably not without reducing administrative accountability. Or the flip side of the coin: they may strengthen traditional hierarchical control, but probably lose the focus on results.

Accordingly, we will pose the following two research questions:

- How are administrative and managerial accountability balanced in public sector performance management systems? Do they compete or are they combined in a hybrid way?
- To what extent does the balance between administrative and managerial accountability depend on the formal affiliation between ministry and agency, and the tasks the affected agencies perform?

We will analyse how accountability relations are linked to performance management system by focusing on the case of Norway, where Management-by-objectives-and-result (MBOR) is now widely used in the public sector (Lægreid, Roness and Rubecksen, 2006) is This performance management system aims at to strike a new balance between delegation and control, and between administrative and managerial accountability. We will examine how administrative and managerial accountability interact, and how are they balanced? Do MBOR practices correspond with or contradict stated ideas about delegation and control?

In the present paper we address these questions about the interrelationship between administrative and managerial accountability, based on governance relations between Norwegian ministries and five state agencies and state-owned enterprises, all subjected to major administrative reforms over the past decade. Delegating responsibility from ministry to agencies combined with MBOR were core elements in reforms that affected all five, but the agencies' formal affiliation, tasks, size and political salience varies. We will show how these agency models are working in practice and ask how the different agency forms affected the accountability relations (Byrkjeflot, Christensen and Lægreid 2013)?

Three of the agencies work within the area of immigration and integration: Norwegian Directorate of Immigration (NDI) established in 1988, Immigration Appeal Boards (IAB),

established in 2001, and the Directorate of Integration and Diversity (IMDi), established in 2005. The first handles immigration application in the first instance, the second handles these applications in the second hand and is a court-like central agency handling complaints from immigrants and asylum seekers with extended autonomy from the ministry. The third one handles integrations of immigrants, mainly in interaction with municipalities. The fourth agency under study is a regional health enterprise, established in 2002 through the Hospital Reform which introduced state-owned health enterprises based on a specific law. The regional health enterprise owns the local health enterprises (hospitals) in the region. The fifth agency is the Norwegian Labour and Welfare Agency (NLWA), established in 2005 through a welfare administration reform.

We will first give an outline of the Norwegian context regarding system characteristics, features of MBOR and characteristics of the agencies and their tasks. Second, we will present our theoretical framework by focusing on accountability dynamics and a structural and a task specific perspective. Third, we will briefly describe the data basis and method. Forth, we will present and discuss our empirical findings. Finally we will analyze the findings and draw some conclusions.

Context – system characteristics and features of MBOR

State agencies have been part of Norway's civil service since the 1850s, today employing more than nine out of ten civil service employees (Lægreid, Roness and Rubecksen, 2012, p. 234). Broad definitions of state agencies even cover organizations outside government, legally defined, as long as «political executives have ultimate political responsibility for their activities» (Verhoest et al. 2010, p. 3). Each state agency sorts politically under one ministry (the parent ministry), and the principle of ministerial responsibility is strong (Bezes, Fimreite, Le Lidec and Lægreid, 2013).

The Norwegian central government is organized in ministries and central agencies. The central agencies are, legally speaking, government entities subject to ministerial directions and directly subordinated to ministerial control. During the last two decade agencies have got some more autonomy from the ministries, as also has been the case for State Owned Enterprises. Some Norwegian agencies are structurally disaggregated from their parent ministries and face less hierarchical and political influence on their daily operations than ministerial departments do, but other have a more traditional affiliation with more potential control.

Even in Norway with its good macro-economic conditions there has been pressure to improve performance within the public sector and to introduce budgeting and financial management reforms in a bid to promote greater efficiency. Over the last two decades there has been a trend to introduce more flexibility and local autonomy in financial regulations such as frame-based budgets (Christensen and Lægreid 2012a).

The Ministry of Finance is a strong overarching ministry coordinating financial and budgetary matters among line ministries. The budgetary regulations in Norway define a one-year budgeting system and require the budget to be presented on a cash-term basis.

The Letter of Allocation is the main instrument used by ministries to implement the budget. The Norwegian system entails extensive delegation to agencies and other subordinate units. Ministries mainly manage agencies through dialogue and discussion, which encompass both formal and informal elements.

Over the past decade MBOR has been integrated into the budgetary process and the financial regulation system. The performance management system is now a main tool for regulating relations between ministries and agencies. An essential part of this system is the establishment of a quasi-contractual steering model, whereby the parent ministry allocates resources and specifies targets and goals for the various agencies by means of an annual steering document. The agencies, in turn, are expected to report on performance through formal reports and a formalized steering dialogue.

MBOR was made mandatory in 1990. This reform aimed to make goals and means less ambiguous, focusing on results, introducing a monitoring system and making greater use of incentives. A central feature of this arrangement was the development of a hierarchy of primary and secondary objectives. MBOR has been further developed in recent years and more broadly applied, focusing more on results than just goals. It is now more closely connected to the state budget system, less rigid and more adapted to the special features and tasks of different state organizations. After experiencing problems with measuring outcomes, a more relaxed result concept has been introduced that also accepted performance information based on activity and output performance indicators. Increased flexibility of MBOR may, however, weaken it as an overall control device.

A comprehensive model for performance management was introduced through the new Government Financial Regulations in 1996. This includes a Letter of Allocation, which is a contract-like arrangement between the parent ministry and subordinate agencies concerning resources, objectives and performance indicators. Thus performance budgeting and performance management are central features of MBOR. MBOR entails more flexibility, leeway, autonomy and discretionary power for subordinate agencies and other units. However, the price public bodies have to pay for their increased freedom is to accept a more rigid performance management system, which includes performance indicators and performance monitoring and assessment. The system is thus a mixed one that prescribes both centralization and decentralization – combining «let and make the managers manage» - and it is an empirical question in which direction it will tip in practice.

Progress with government-wide systems of performance measurement has been slow, however, especially with respect to developing and using performance information. Although the Ministry of Finance requires all ministries and agencies to set goals and monitor performance, there is still more talk than action in the central government on these reform initiatives (Anderson, Currstine and Merk 2006). But many ministries and agencies have made a considerable effort to establish performance indicators and to implement performance reporting systems (Christensen and Læg Reid 2007, Læg Reid, Roness and Rubecksen 2006). A special Agency for Financial Management was set up in 2004 to strengthen financial management and improve resource efficiency within the public sector. Although envisaged as a kind of NPM entrepreneur, actually implementing its ideas has proven problematic.

Levels of information asymmetry, which are often seen as important for MBOR practices (Van Dooren et al. 2010: 160), can be expected to be comparatively low in Norway. Most ministries have deep knowledge of the affairs of subordinate agencies. One reason is that most agency-ministry relationships are long-established. When responsibility for an agency is shuffled between ministries the parenting ministry department normally follows suit. Also, key personnel quite often change jobs between agency and parent ministry. Furthermore all our examined agencies, except for the health enterprise, is located in Oslo. This geographical proximity increases formal and informal personnel interaction. Finally, ministry-agency interactions are frequent, especially for politically and economically salient agencies. For example, in the case of the Directorate of Labor and Welfare, agency and parent ministry heads meet every week, the agency head has full-day meetings with the minister every month and there are formal governance meetings every quarter (interview). A related point is that levels of trust between ministry and agency leaders, another factor presumed to affect MBOR practice, can be expected to be comparatively high in Norway, both as a consequence of low information asymmetry and as a reflection of Norway in general is scoring high on mutual trust relations between political and administrative executives and between ministries and central agencies (Christensen, Lægreid and Stigen 2006).

Characteristics of the sectors and tasks

The hospital reform in 2002 centralized ownership of hospitals to the Ministry of Health and established regional and local *health enterprises*, which were supposed to bolster administrative or managerial accountability. This arrangement was a hybrid model allowing a lot of discretion to the regional/local enterprises but at the same time giving the ministry options of interference in all cases of political interest. The managerial autonomy of the health enterprises is constrained by a number of steering devices from the ministry that illustrate the inbuilt ambiguity of the reform when it comes to balancing autonomy and central control (Lægreid, Opedal and Stigen 2005). The ministry exercises control through the Health Enterprise Act, through the articles of association, through steering documents (contracts), and through decisions adopted by the enterprise meeting.

In the immigration reform in 2001, the organizational innovation was the establishment of Immigration Appeal Board (IAB) - a *court-like central agency with super autonomy* to handle complaints/appeals (Christensen, Lægreid and Norman 2007). In contrast to the traditional Norwegian agency model with semi-autonomous agencies under supervision of their parent ministry the new hybrid solution gave this agency more formal autonomy from the ministry. The Norwegian Directorate of Immigration (NDI) is a more traditional semi-autonomous agency, but the ministry cannot interfere in single cases, which limit the control options. The Directorate of Integration and Diversity (IMDi) is also more of a traditional agency.

A large welfare administrative reform in 2005-2006, where two agencies of employment and pensions were merged, resulted in a large new agency – the Norwegian Labour and Welfare Directorate (NLWD). The agency has a traditional semi-autonomous affiliation to the Ministry of Labour and Social Affairs.

So the reforms reflect different agency strategies and vertical political accountability relationships (Table 1). Delegation is a main organizational tool in all three policy areas, but with different levels of clarity and distance between delegated bodies and the core of government. Such multi-agency hybrid arrangements represent shared responsibilities and organizational complexity. In the hospital field the ministry has overall ownership responsibility and may use frame steering, but at the same time it can also interfere in specific cases. Delegation of authority from the ministry to the agencies is a core element in the immigration reforms, but also in the hospital reform to the health enterprises. The central part of the welfare administration reform represents a traditional agency strategy. The IAB case represents hard-core delegation with a high level of distance and very clear delegation, while the health enterprises represent a more mixed or soft delegation with a less clear-cut and more fuzzy delegation pattern (Hood 2010: 78).

Table 1: Reforms and autonomy in the three sectors

| | Regular semi-autonomous central agency | Central agency with extended autonomy | Enterprise model with more formal autonomy |
|------------------------|--|---------------------------------------|--|
| Immigration | NDI IMDi | IAB | |
| Hospital | | | Health Enterprise |
| Welfare administration | NLWD | | |

Theoretical framework

Accountability dynamics

Accountability is about information, discussion and consequences (Boven 2007, Schillemans 2013). A superior actor has to specify goals and targets that the subordinate actor is supposed to fulfill and the subordinate has to provide information about his conduct to the forum. This information has to be discussed, debated and assessed and the actor has to face consequences. In this paper we mainly address the information phase of the accountability process.

Vertical hierarchical political accountability between political and subordinate levels is closely related to administrative accountability and managerial accountability. Political leaders can in principle choose one or the other as an instrument of control, but will probably play on both, which make it particular interesting to analyse whether they can be combined in practice – what are the trade-offs? - or whether one of them will prevail, and with what effects. *Administrative accountability* is related to «Old Public Administration» and to an actor’s position in a hierarchy whereby a superior calls a subordinate to account for the performance of delegated duties (March and Olsen 1983). It is focused on input, procedures and process. In a high trust context the relationship between political and administrative leaders is characterized by a close and informal relationship, meaning that

political leaders do not use much capacity to actively control and scrutinize the subordinate levels and leaders.

Managerial accountability is about monitoring output and results and making those with delegated authority answerable for carrying out tasks according to agreed performance criteria, with more emphasis on formalization and presumed mistrust (Day and Klein 1987). Managerial accountability means that managers are on the one hand granted additional autonomy but on the other hand are made more directly accountable for their ability to produce measurable results. A main difference between administrative and managerial accountability is that the actors are accountable for different activities and behavior. In both cases the main actors are executive leaders in parent ministries and different subordinate agencies.

Under NPM politicians are supposed to be «chief executives» and assume a strategic managerial role, formulating general goals and assessing results without getting (too much) involved in single cases and day-to-day business and implementation (Pollitt and Bouckaert 2011). For politicians, operating solely as strategic goal formulators is problematic. They may prefer to be involved in the details of implementation and in single cases and fear losing power under NPM. This has generated post-NPM reforms with more emphasis on central capacity and control (Christensen and Lægveid 2002 and 2007). Civil servants under NPM are supposed to operate as managers or entrepreneurs in agencies at arm's length from politicians and to be held accountable through incentives and performance systems (Boston et al. 1996).

A Structural Perspective

Expectations about substitution between forms of accountability are informed by a structural perspective, which emphasizes that formal affiliation between ministry and agency shapes management practices.

Political accountability, and the connected administrative and managerial accountability, plays out according to a structural perspective and organizational design, i.e. decision-making processes in public organizations are the result of strong hierarchical steering among top political and administrative leaders (Christensen et al. 2007, March and Olsen 1983). The formal structure of public organizations may channel and influence the models of thought and the actual decision-making behaviour of the civil servants, whether the focus is on process or results (Egeberg 2012; Simon 1957). A major precondition for such effects is that the leaders score relatively high on rational calculation (Dahl and Lindblom 1953), meaning that they must have relatively clear intentions and goals, choose structures that correspond with these goals and have insight into the potential effects of the structures chosen. Luther Gulick (1937) stressed the importance of vertical specialization, meaning in our case that the form of affiliation would make a difference.

Delegating autonomy to agencies can have advantages for the ministry in charge. Delegation may free up capacity to focus on political and strategic tasks (Moe 1984: 756) and may enable ministries to blame agencies for undesirable policy effects (Hood and Lodge 2006: 182). «Agencification» may, however, potentially reduce ministerial control and may allow state agencies to develop interests that diverge from those of their principal

ministries (Eisenhardt 1989: 58, 63; Pratt and Zeckhauser 1991: 2–3; Binderkrantz and Christensen 2009: 290; Moe 1984: 763; Dunleavy 1992). To ensure that agencies behave in the ministries' interest, ministries use various control instruments. A core hypothesis from this perspective is that performance management depends on organizational factors (Moynihan 2008) and that organizational forms affect the accountability mechanisms. Thus type of delegation matters. The IAB type of delegation is more likely than the welfare case to clarify accountability relations because it makes policy and administrative accountability clearer (Hood 2010).

Our expectation is that a tight affiliation to ministry will enhance administrative accountability addressing input and processes, with ambiguous targets, low focus on prioritized performance objectives and low accountability for results. A loose affiliation to ministry would enhance managerial accountability oriented towards output and outcome, focusing on unambiguous targets, prioritized performance objectives and high accountability for results. From this perspective we would also expect that strong administrative accountability would result in a MBOR system scoring low on managerial accountability and the other way around.

But this expectation may be modified. The parent ministry may be able to substitute traditional administrative accountability with managerial accountability and use this NPM-related instrument effectively towards subordinate agencies, to compensate for lack of traditional formal steering.

A Task-Specific Perspective

A task-specific perspective assumes that requirements and constraints inherent in the primary tasks of public organizations influence the decision-making, regulation and control of these units (Pollitt and Talbot 2004). The main idea is that tasks matter and that we cannot discuss accountability relations without taking into account the particular activities to which they apply (Rubecksen 2010, Verhoest et al. 2010). Task specificity and the nature of the actual work are important to understand how performance management systems are working in practice. The division of tasks may play an important role in the behaviour of government organizations and in how they are managed and controlled.

Pollitt et al. (2004) has developed a task-specific path dependency model. His argument is that both the particular history of the jurisdiction in question and the nature of the primary tasks make a difference. Two well-known parameters for defining agency tasks are to what extent their output and their outcome can be observed (Wilson 2000). Other important considerations are to what degree the tasks can be standardized, if their consequentiality is high or low, if they are politically sensitive or not, whether they involve major financial resources and whether they are subject to market competition (Pollitt 2003, Pollitt and Talbot 2004). Key characteristics of the tasks matter (Pollitt 2008). Verhoest and associates (2010) studied the implications of primary tasks for autonomy and control and use of managerial techniques in state agencies. The argument is that the constraints inherent in the main tasks on which the civil servants are working in their current position will have an impact on their attitudes, beliefs and actual work. Agencies with different types of tasks will have different levels of autonomy and control (Verhoest et al. 2010).

Studies of state agencies reveal that there are significant variations in behaviour according to the agencies' tasks (Pollitt and Talbot 2004, Læg Reid, Roness and Rubecksen 2008).

There are two sets of task-related key questions to ask when defining goals in ministry-agency relationships. The first is whether desirable societal outcomes in a policy field can be defined, and whether one can determine if those outcomes are realized or not. Sometimes the answer to the first is yes and the second no. The second set of questions is whether a superior ministry can identify the contribution an agency should make to realize desirable outcomes, and whether it is possible to determine if the agency has delivered that contribution. The former relates to Wilson (2000:160) who says control is easiest when the causality between outputs and outcomes is unambiguous.

What is typical for the *tasks* involved in the three sectors studied? In the immigration sector output is rather easy to observe and standardize. Outcomes, however, are more difficult to observe. The same goes for the Welfare Agency. Previous studies have revealed that it is easier to apply MBOR for employment and labour issues than for pensions and insurance issues (Breivik 2010). Activities of the health enterprises are easy to conceptualize in the shape of outputs. Outcomes are, however, much harder to grasp.

All three sectors are politically salient and involve a lot of public resources, in particular the welfare administration that eats up 1/3 of the total governmental budget, but also the hospital sector which uses a lot of resources. Among the five IAB probably has the lowest political salience (although it varies over time) while NLWD has the highest political salience.

We will also expect that well defined and narrow tasks are easier to not only relate to outputs and eventually outcomes, but also to established steering and control systems. The more ambiguity in task definition, lack of operationalization, output and outcomes will be the result, which will give more professional autonomy. We will expect variation according to acceptance of local variations or national standardization. Agencies responsible for service production such as the health enterprise or the welfare administration agency is scoring high on operationalization of tasks while non-service producing agencies such as the immigration authority and the immigration appeal board is scoring low.

Administrative and managerial accountability combined

Table 2 shows possible real-world combinations of administrative and managerial accountability by distinguishing between a logic of accumulation and substitution. What we label *Accumulation 1* represents ministerial leaders emphasising both process/procedures and output/outcomes in their steering of subordinate agencies or enterprises. The background of this may be that this related to policies and tasks that are very political salient and involve a lot of money. The crucial question here is whether the executive leadership is really able to utilize both control instruments and accountability types in a seamless way and get a mutual reinforcement out of them. An alternative interpretation

would be that this represents inflated steering and low actual control¹, and that results are difficult to achieve because of low managerial autonomy.

¹ Goal sets are often inflated (Cyert and March 1963), thereby inhibiting performance management's ability to reduce complexities in steering. Clear and small goal sets can help agencies filter signals from noise, and make politically legitimate decisions (Pandey, Coursey and Moynihan 2007: 402). By «goal inflation» we mean that the steering effect of each performance objective presumably decreases with each new objective added. Parent ministries can be overwhelmed and confused by performance feedback if they lack clear, prioritized goals to aid interpretation. Unless information helps recipients reduce uncertainty or interpret ambiguity it has little value to them and will be often be shelved (Feldman, 1989).

Table 2: Possible combinations of administrative and managerial accountability

| | | Administrative accountability | |
|---------------------------|------|---|--|
| | | High | Low |
| Managerial accountability | High | <p>Accumulation 1</p> <p>High managerial accountability has been added to high administrative accountability.</p> | <p>Substitution 1</p> <p>Administrative accountability has been replaced by high managerial accountability.</p> |
| | Low | <p>Substitution 2</p> <p>High administrative accountability is combined with low managerial accountability.</p> | <p>Accumulation 2</p> <p>Low administrative accountability has been combined with low managerial accountability.</p> |

Accumulation 2 represents quite the opposite, meaning scoring low both on administrative and managerial accountability. This can be related to low political saliency, to tasks that are difficult to delimit and measure, and where professional or other types of accountability are crucial.

Substitution 1 represents low administrative accountability and high managerial accountability, which means a strong focus on NPM-type performance management but little traditional hierarchical control through process and procedures. This could be a conscious choice related to a cultural change in leadership norms and values, scepticism toward too complicated steering instruments, and related to tasks that are easily to delimited and measured in in the shape of agency outputs and outcomes.

Substitution 2 represents high score on administrative accountability and low on managerial accountability. This is more traditional steering or may also reflect post-NPM elements, i.e. a cultural-normative reaction to NPM. Alternatively, executive leaders may choose this combination because of complex tasks that are difficult to delimit or measure. From a structural perspective we would expect that Immigration Authority, the Integration Agency and the Welfare Administration Agency would fit into Cell 3 while the Integration Appeal Board and the Health Enterprise would be in Cell 2 due to variation in form of affiliation to parent ministry. From a task perspective the Integration Agency would be in Cell 1 while the Immigration Appeal Board would be in Cell 4 due to variation in measuring tasks.

Method and data

Our data are taken from different sources, including public documents, interviews with central actors in the three sectors and data from MBO practices across Norwegian ministry-agency relations. Among the five regional health authorities in Norway we have for this paper looked into the governance of one: The Northern Norway Regional Health Authority (Health North), which is responsible for the public hospitals in northern Norway.

A main textual vehicle for performance management is the Letter of Allocation a ministry makes for each agency. This document – which we define as a performance contract – is a publically available document. All agencies receive one such contract per year, following the passing of the state budget in parliament. Some also receive additional ones, for example, when the state budget is revised or when substantial additional funds for given purposes are made available by the ministry. Supplemental performance contracts normally contain activity demands rather than new or revised performance objectives. Another textual vehicle for performance management is the annual report from the agency to the ministry.

The study analyzes performance contracts and annual reports between the five selected Norwegian state agencies and their parent ministries for 2012. Most documents were collected from websites of ministries and from agencies' websites. Some were collected by mail from ministries.

Findings and discussion

In this section we review the performance management aspects of the governance relation between our five agencies and their parent ministries. We will distinguish between three phases of the MBOR process: (1) the formulation of goals and objectives, (2) the performance indicators, and (3) the reporting of performance². According to the instrumental-rational ideas underlying MBOR, performance information takes the goals and objectives of the agencies as the point of departure. Goals and objectives should be formulated by political executives and the parent ministry through a top-down process and in quantitative terms, but they are often formulated in a process with subordinate institutions and leaders. They should be stable, operationalized and consistent. In the Norwegian context, the annual Letter of Allocation should present concrete and testable criteria for goal achievement and specify efficiency targets. The MBOR model is not only supposed to measure output, activities and resources used, but also outcome and effects on users and clients. A third main component in MBOR is performance reporting.

Based on studies of the agencies' 2008 and 2012 performance contracts (letters of instructions and allocation) and 2012 annual reports, we scrutinize the following: Are objectives and indicators operationalized? Are performance reporting practices consistent – is performance towards objectives documented? And finally, are goals achieved? Note that 2012 data are more detailed than 2008 data, as evidenced by Table 3 below.

Northern Norway Regional Health Authority (Health North)

Health North's (21-page) 2012 performance contract lists 167 performance objectives, disaggregated into three levels. Twenty top-level objectives are operationalized into 69 second-level objectives, which in turn are operationalized further, into a total of 78 third-

² The fourth phase is performance steering, but this is only briefly addressed in this paper.

level objectives. A subset of these is operationalized further, with altogether 30 steering parameters (which could have been categorized as a fourth level of objectives). A comparison with the 2008 performance contract indicates that the ministerial MBOR of Health North has become much more detailed in recent years. The number of performance objectives has increased by almost 500 percent, mostly in the «bottom» of the goal hierarchy, among second- and third-level performance objectives.

Table 3: Ministerial MBOR of state agencies: Summary of document studies of agencies' performance contracts and annual reports by agencies, 2008 and 2012

| | Health North | | IAB | | NDI | | IMDI | | NLWD | |
|---|--------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | 2008 | 2012 | 2008 | 2012 | 2008 | 2012 | 2008 | 2012 | 2008 | 2012 |
| Performance contract | 22 pages | 21 pages | 10 pages | 16 pages | 23 pages | 29 pages | 15 pages | 17 pages | 35 pages | 47 pages |
| Performance objectives | 35 | 167 | 7 | 11 | 22 | 21 | 35 | 34 | 31 | 24 |
| <i>Goals, by level</i> | | | | | | | | | | |
| - top level | 13 | 20 | 2 | 2 | 7 | 2 | 3 | 1 | 13 | 8 |
| - second level | 22 | 69 | 5 | 6 | 15 | 8 | 9 | 8 | 18 | 16 |
| - third level | 0 | 78 | 0 | 3 | 0 | 11 | 23 | 25 | 0 | 0 |
| <i>Goals, by orientation:</i> | | | | | | | | | | |
| - Input | 0 | 5 | 0 | 0 | | 0 | 3 | 0 | 1 | 0 |
| - Process | 1 | 33 | 4 | 4 | | 10 | 0 | 3 | 6 | 2 |
| - Output | 27 | 117 | 3 | 4 | | 7 | 26 | 26 | 23 | 19 |
| - Outcome | 7 | 8 | 0 | 3 | | 4 | 6 | 5 | 1 | 3 |
| Report obligations | | 40 | | 8 | | 19 | | 10 | | 56 |
| Annual report | | 39 pages | | 28 pages | | 46 pages | | 63 pages | | 81 |
| Annual report's mirroring of Performance contract | | 68 of 78 | | 2 of 3 | | 11 of 11 | | 25 of 25 | | ? |
| Goal attainment | | 30 of 78 | | N.A. | | 5 of 11 | | 8 of 25 | | ? |

All 78 third-level performance objectives from the 2012 contract are operationalized in the sense that they identify a measurable variable (e.g. the ambulance service shall have competency on both mental and somatic ailments). However, only 27 objectives are operationalized with precise performance targets (e.g., 20 per cent of patients suffering from cardiac arrest have received thrombolysis treatment). For many other objectives the target is that some quality «shall increase», which in our judgment falls just short of being a

precise target. Overall, we nonetheless conclude that Health North's 2012 goal portfolio is well operationalized in most parts.

Looking across the 167 performance objectives, five refer to agency inputs, 33 refer to agency work processes, 117 refer to agency outputs (87 of which refer to qualities of outputs), and 8 refer to broader societal outcomes. So the focus on agency inputs and societal outcomes is rather weak. This distribution of performance objectives along the «value chain» was similar in 2008, but the relative frequency of outcome-referring goals has decreased in recent years.

The 2012 performance contract specifies 40 specific obligations for Health North to report performance to its parent ministry, most but not all of which refer explicitly to third-level performance objectives or steering parameters. Reading across from performance objectives to reporting obligations is relatively straightforward.

An agency's annual report may closely resemble its performance contract in terms of thematic structure, but it may also be structured otherwise, making it harder for a citizen (or indeed a researcher) to read across the two documents and see e.g. if goals are achieved or not. The same goes for goals and statistics: Some agencies report performance towards all goals from its performance contracts, other agencies do not; also, some annual reports transparently report display statistics as ordered by the performance contract, other reports uses little or other statistics to document that years' activities and performance.

Health North's 2012 Annual report – a 39-page document – reports performance on 64 out of the 78 third-level objectives from the performance contract. For 51 out of these it is relatively easy for the reader to extract from the text whether or not the performance target was attained by the agency. The targets that were most unambiguously defined in the performance contract, with clear targets in addition to clearly operationalized variables, are underrepresented among those where results are transparent (e.g., the target no patients being placed in corridors is not reported upon). Somewhat surprisingly, the agency has in other words chosen to be most transparent about goal attainment on goals where targets were ambiguous.

Health North reports that 30 of its 78 third-level performance objectives were attained in 2012. Twenty-one were not attained. The remaining 27 are either not reported upon in the Annual report or it is difficult to decipher goal attainment from the Annual report.

Overall, Health North displays well known patterns in its performance management practices. Echoing general criticism of performance management practices, Health North is subjected to perhaps overly detailed ministerial steering (Christensen, Lægreid and Stigen 2006), as reflected in the 167 objectives in the agency's performance contract. It appears that, as expected, quite a lot of the agency's activity is possible to conceptualize in the shape of goals referring to agency outputs, while agency outcomes appear more elusive. The focus on operationalization of goals has increased quite considerably in this sector during the last decade. The LEAN system, trying to quantify the flow of patients in hospitals is one example of this.

Norwegian Directorate of Immigration (NDI)

NDI's (29-page) 2012 performance contract lists 21 performance objectives, disaggregated into three levels. Two top-level objectives (called main objectives) are operationalized into eight second-level objectives. Seven of these are operationalized further, into 11 third-level objectives (called steering parameters). A reading back to the 2008 performance contract suggests that although the number of performance objectives is stable, NDI's priorities have been clarified over time. The agency has fewer top-level objectives now than before.

Third-level performance objectives in NDI's 2012 performance contract are all clearly operationalized in the sense that they both identify a measurable variable (e.g. the number of applications for residence permit processed by the agency) and also define a precise performance target (in the same example: that the agency shall process 87 000 applications). In some cases a single objective is operationalized with several performance targets. We conclude that NDI's goal portfolio is well operationalized.

Looking across the 21 performance objectives, none refer to agency inputs, 10 refer to agency work processes, seven refer to agency outputs (three of which refer to qualities of outputs), and four refer to broader societal outcomes.

The 2012 performance contract specifies 19 obligations for NDI to report performance to its parent ministry. Reading across from performance objectives to reporting obligations is straightforward; the contract requires reporting on all 11 third-level performance objectives, and also some reporting that is not explicitly related to objectives.

NDI's 2012 Annual report – a 46-page document – documents agency performance towards all 11 third-level performance objectives in the performance contracts. In all instances, bare one, the report is clear on whether or not goals have been reached. The Annual report therefore contributes to transparent governance and accountability for results.

NDI's goal achievement is varied. Five performance objectives were either achieved or over-achieved. Six goals were not achieved, on all or some related performance targets.

Overall, NDI seems to fall closer to Health North than the other cases, meaning more of a managerial accountability profile. This is because of more operationalized goals and reporting on goals, less ambiguity whether goals are reached, but it has a relatively weaker focus on output related goals. Concerning the formal affiliation between the ministry and the agency, it is a somewhat mixed situation. In 2001, when IAB was established, NDI got an extra autonomous position, meaning that the ministry could not interfere in single cases as long as they did not touch foreign or defense-related security matters (Christensen, Læg Reid and Ramslien 2006). Since then political leaders of various types have tried to modify this autonomy with various measures, without actually succeeding, so the overall picture is more autonomy than «ordinary» agencies. The task portfolio of NDI seems to have an effect on what type of goals that are applied. 10 out of 21 goals are related to processes such as handling time. Concerning the tasks of NDI, they seem easier to define related to various outputs, concerning types of applications, handling time, etc., but is like IAB difficult to relate to outcomes.

A previous study of the MBOR system in NDI in the period 1998-2003, back when it was integrated with IMDI, confirms that activity or process goals dominates and that it is very few outcome goals (Christensen, Læg Reid and Ramslien 2006). The focus was more on internal managerial issues than on external effectiveness. There were many non-prioritized goals, comprehensive reporting requirements, but problematic performance steering. Generally the MBOR system seemed better fit to the part of the task portfolio that today sorts under NDI (immigration control) than for the part that today sorts under IMDI (integration). Overall the MBOR system now seems to work pretty well in the immigration agency. Compared to ten years ago, ministerial MBOR of NDI appears to have transformed from being more like a ritual to become more instrumental. In 2010 NDI received a quality management award from the Agency for Financial Management for its effort to improve the quality in case processing – activities that are an integrated part of the MBOR system.

Immigration Appeal Board (IAB)

IAB's (16-page) 2012 performance contract lists 11 performance objectives, disaggregated into three levels. Two top-level objectives (called main objectives) are operationalized into six second-level objectives. Four of these second-level objectives remain non-operationalized (e.g., a regulated family immigration that upholds privacy rights); only two of them are operationalized further, into a total of three third-level objectives (called steering parameters). A reading back to the 2008 performance contract suggests ministerial MBOR of IAB has been stable in recent years. One noticeable development is the introduction of steering parameters.

The three third-level performance objectives in IAB's 2012 performance contract are all clearly operationalized in the sense that they both identify a measurable variable (e.g. number of asylum applications processed) and also define a precise performance target (in the same example: 20.200 applications processed in 2012). The fact that only a minority of the agency's second-level are operationalized nonetheless leads us to conclude that the goal portfolio in IAB's performance contract is less than well operationalized.

Looking across IAB's 11 performance objectives for 2012, none refer to agency inputs, four refer to agency work processes, four refer to agency outputs (two of which refer to qualities of outputs), and three refer to broader societal outcomes. The latter did not figure in the agency's 2008 performance contract; that suggests that ministerial MBOR of IAB has increased attention on how agency-level results affect broader societal phenomena.

The 2012 performance contract specifies numerous obligations for IAB to report performance to its parent ministry, eight of which refer explicitly to performance objectives, and reports are to be submitted every four months. Reading across from performance objectives to reporting obligations is relatively straightforward.

IAB's 2012 Annual report – a 28-page document – faithfully documents statistics in accordance with reporting obligations. Its contribution to transparent governance and accountability for results is nonetheless limited. The report is a relatively unstructured document that focuses more on documenting raw data than on displaying and discussing whether the agency's performance objectives are satisfied. This may be unsurprising, since only a minority of the objectives was operationalized in the performance contract, and it is

difficult to establish performance on ambiguous objectives. Moreover, the Annual report displays goal attainment for only two of the three performance objectives that were clearly specified in the performance contract.

Its lacking connection to performance objectives makes it difficult to judge from the Annual report whether IAB achieved its goals in 2012. The two targets that were clearly operationalized and for which performance was reported, were not attained.

Overall, IAB has fewer goals, and not least fewer operationalized ones than do the other four agencies under study. This makes sense in light of both the type of tasks IAB has and its formal affiliation to its parent ministry. It's rather easy to count number of applications that have been treated in the secretariat of the IAB, by the committee leaders or by internal committees as such, the length of the application process, etc., but much more difficult to say something meaningful about for example the societal outcomes of saying no to an asylum seeker or to family reunion, especially when societal conditions in other countries are involved. The rather ambiguous profile of the performance management system in IAB could also be a reflection of the fact that IAB sees itself as rather super-autonomous in relation to the ministry (Christensen and Læg Reid 2009). IAB has little reason to enter into a detailed performance management system with potential control from the ministry. Adding to this is the fact that jurists, the dominating professional group in IAB, over all are generally skeptical towards NPM and performance management (Christensen, Læg Reid and Norman 2007).

The Directorate of Integration and Diversity (IMDi)

IMDi's 2012 performance contract – a 17-page document – lists 34 performance objectives, disaggregated into three levels. One top-level objective (called main objective) is operationalized into eight second-level objectives. All eight are then operationalized into a total of 25 third-level objectives (called steering parameters). A reading back to the 2008 performance contract shows strong stability in the size and structure of IMDi's goal portfolio, except a reduction from three to one main objective.

All 25 steering parameters for 2012 are clearly operationalized in the sense that they identify a measurable variable (e.g. «The share» [of integration program participants] that enters into employment or education the year after participating in the [integration] program). However, only about half, 13 of the 25 third-level performance objectives, are clearly operationalized in the sense that they define a precise performance target. The objectives we judge as precise typically define a percentage (e.g. 90 per cent [the target] of refugees shall be resettled in a municipality within six months after a residence permit has been passed [the parameter]). The imprecise half includes many instances where the target is that a parameter «shall increase» (e.g. the share of government employees being immigrants), which in our judgment falls just short of being a precise target. There are also instances of clearly imprecise, almost nonsensical targets (e.g. undertake collaborative initiatives [the target] to strengthen collaboration with local governments, voluntary

organizations and immigrants [the parameter]). All in all, we nonetheless judge the goal portfolio in IMDI's performance contract to be well operationalized.

Looking across IMDI's 34 performance objectives for 2012, none refer to agency inputs, three refer to agency work processes, 26 refer to agency outputs (nine of which refer to qualities of outputs), and five refer to broader societal outcomes. A reading back to the 2008 performance contract shows stability in this aspect of the configuration of IMDI's goal portfolio.

The 2012 performance contract specifies 10 obligations for IMDI to report performance to its parent ministry. Full-range reports are to be submitted every six months and reports on key performance objectives (e.g. settlement of refugees) each month (Agenda Kaupang 2014: 91). Reading across from performance objectives to reporting obligations is however not straightforward. Some reporting obligations refer to activities and projects that appear unrelated to performance objectives. Agency performance towards performance targets are, however, to be documented in a reporting regime that is mentioned but not described in the performance contract as such.

IMDI's 2012 Annual report – a 63-page document – strongly contributes to transparent governance and accountability for results. It reports faithfully on all performance objectives from the performance contract, including the 25 third-level objectives. Moreover, for 19 of these 25 it is easy for the reader to extract from the text whether or not the performance target was attained by the agency.

The Annual report shows that IMDI's 2012 performance satisfied eight of its 25 performance targets. All targets that were reached were, however, of the underspecified sort, typically referring to an «increase», e.g. in a percentage of something. IMDI in other words reached none of its clearly specified performance targets in 2012. Note, however, that the Annual report includes several instances of IMDI discussing whether satisfying targets actually constitute good performance. In some cases IMDI subjectively judges performance as unsatisfactory even though a target of increasing performance on a variable was attained. The improvement should have been stronger, they say. In other cases IMDI, vice versa, judges performance as satisfactory even if a target was not attained. We are moving in the right direction, they say.

Agency performance is discussed with the parent ministry, The Ministry of Children, Equality and Social Inclusion, in biannual governance meetings. The ministry and the agency also have more regular meetings with different audiences from the organizations. The agency head meets with a ministry executive every week (Agenda Kaupang 2014: 91).

Overall, ministerial MBOR of IMDI fairly strongly facilitates managerial accountability. IMDI has fewer goals than Health North has, but IMDI's goals are reasonably well operationalized and reporting on them is rather transparent. The fact that IMDI's goals are better operationalized goals than those of IAB, may be linked to the type of task, reflecting that some aspects of the broader integration field is easier to define and measure than others, like number of refugees settled in local communities, number and types of activities refugees participate in, etc. The fact that several of the goals are defined in an indicative way must reflect that overall insecurity about the functioning of the integration system. IMDI's reliance on municipalities means that goal achievement is rather unpredictable.

The Norwegian Labour and Welfare Directorate (NLWD)

NLWD's (47-page) 2012 performance contract lists 24 performance objectives, disaggregated into two levels. Eight top-level objectives are listed. Two of these remain non-operationalized (e.g., an economically and socially sustainable pensions system); seven out of nine objectives are operationalized further, into a total of 16 second-level objectives (called steering parameters). A reading back to the 2008 performance contract suggests that ministerial MBOR of NLWD has become less detailed in recent years, with a 15-percent reduction in the number of performance objectives.

NLWD's 16 steering parameters for 2012 are all operationalized in the sense that they identify a measurable variable (e.g., the share of persons with work disabilities that have been followed up in during the past six months). However, only one out of the 16 is clearly operationalized in the sense that it defines a precise performance target. Hence, we judge NLWD's goal portfolio to be poorly operationalized.

Looking across the 24 performance objectives, none refer to agency inputs, two refer to agency work processes, 19 refer to agency outputs (seven of which refer to qualities of outputs), and three refer to broader societal outcomes. This goal portfolio structure has been fairly stable since 2008.

The 2012 performance contract specifies 56 obligations for NLWD to report performance to its parent ministry. Reporting obligations are sorted under performance objectives, and are relatively detailed, including specifications about when reports are to be submitted.

NLWD's 2012 Annual report – an 81-page document – is rich in statistics, reflecting the voluminous reporting obligations. The report is a tough read, both in the sense that it is densely written and awkwardly structured, and in the sense that reading across from the performance contract to the Annual report is almost impossible. The Annual report's contribution to accountability for results is generally very limited.

It is very difficult to extract from NLWD's 2012 annual report text whether or not the agency reached its performance targets. Occasionally, (in three instances, to be precise) the agency subjectively concludes targets were reached, but these targets are constructed in the annual report; they do not feature in the performance contract.

A study of the performance management process between the ministry and the central agency in the period 2006-2009 reveals that it is mainly an administrative process in which the political leadership in the ministry is rather little involved (Breivik 2010). The yearly Letter of Allocation was decided on in a rather complex process of consultations within and between the ministry and agency. Generally the performance management system seems to be easier to adapt to the area of labour and employment than to the area of pensions and insurances. Overall there are few indicators that the performance reports are used for steering and learning. The Office of the Audit General has criticized a lack of traceability from the state budget to the performance contract (Breivik 2010). Overall there is an overload of detailed information from the agency and quite a lot of the reporting to

the ministry is not directly coupled to the objectives and targets or reporting requirements in the performance contract (Christensen and Læg Reid 2014).

Overall, ministerial MBOR of NLWD appears underspecified and lacking in transparency. Managerial accountability is not secured through this performance management practice. Like IMDi, NLWD has a more traditional ministry-agency relationship with its superior ministry. One difference, however, is that the Parliament overall is more pro-active towards NLWD, meaning focusing political accountability, than towards IMDi, so the political saliency is higher. In the period 2000-2012 the Audit Office submitted 9 performance audits on the NAV system to the Parliament but very few on the immigration side (Kjærgaard 2013). But this doesn't mean a more detailed performance system. There are at least two reasons for this. First, the welfare administration reform gave NLWD a relative stronger position towards the ministry, meaning that the ministry has too much of capacity and attention problems to actively formulate goals, measure and scrutinize, which is left to the agency (Christensen and Læg Reid 2012b). The ministry has therefore, even though it gets a lot of result information, more a tendency to try to steer the agency on selected policies and decisions, often reflecting pressure from the Parliament.

Second, the nature of the task portfolio of the agency is extremely complex, which make operationalization and outcomes focus difficult. The formal structure of NLWD is very complex, with two parallel tiers of a line organization and special units (where pension is), and three levels, and in the municipalities the composition of tasks, adding to three core tasks, is very complex. So to formulate clearly possible outcome is nearly illusive, leading to more details of the output measures.

Compared to the hospital field the performance management practice in NLWD were more problematic. In the hospital field there were, however, 6 more performance audits in the period 2000-2012. The reaction on the performance audits in the NAV field were more accommodating than in the hospital field which were more restrained, reflecting different form of ministerial affiliation (Kjærgård 2013).

The empirical findings are summed up in table 4.

Table 4: Summary of observations of performance management practices.

| | Health North | NDI | IAB | IMDI | NLWD |
|------------------------------------|--------------|--------|--------|------|------|
| Goals: Operationalization | High | High | Medium | High | Low |
| Goals: Output orientation | High | Medium | High | High | High |
| Reporting consistent with goals | High | High | High | High | High |
| Goal achievement: transparency | Medium | High | Low | High | Low |
| Actual goal achievement | Medium | Medium | N.A. | Low | N.A. |
| Overall accountability for results | Medium | High | Low | High | Low |
| Total | High | High | Low | High | Low |

Analysis of accountability dynamics

This empirical analysis has shown considerable variation across the 5 studied agencies when it comes to adaptation of performance management systems. Overall the performance management practice seems to be best in the health enterprise, the integration agency and the immigration control agency, while the Immigration Appeal Board and the Labour and Welfare Agency are facing more problems with this system.

Comparing our main results with the four combinations of administrative and managerial accountability in table 2 shows the following: First, two of the agencies – NDI and IMDi – seem to fall in the category accumulation 1, meaning scoring high on both administrative and managerial accountability. They are both semi-autonomous agencies and have a well-functioning performance management system, so we see a potential reinforcement or accumulation of the two control systems. They also share that their services and outputs are relatively easy to define, while their outcome could be much more problematic to delimit. NDI is slightly more autonomous than IMDi, because of the reorganization in 2001 and the fact that attempts to control it more from the ministry has not been that successful. We may say that NDI has more of a hybrid steering affiliation.

Second, Health North seems to be closer to the category of substitution 1, meaning a combination of scoring low on administrative accountability and high on managerial accountability. Its formal autonomy is high while its performance management system is rather well developed. This is a category where performance management aims at compensating for lack of formal traditional hierarchical control by the political executives. Its services or outputs are potentially rather easy to define and measure, while outcomes are more problematic.

The central welfare agency, NLWD, seems to fit into the category substitution 2, meaning scoring high on administrative accountability and low on managerial accountability. It is formally pretty close to the ministry, but its performance management system is relatively poorly developed. It scores rather high on output orientation and goal reporting, but low on operationalization and transparency of goal achievement, which is reflecting problems of measuring outcomes related to the overall goals. NLWD has through the reform achieved a rather strong position towards the superior ministry because of its size and ministerial lack of capacity to steer, so the ministry rather often focuses more on specific parts of the policy or particular goals. Internally in the agency, downwards towards the regional and local level, the performance management system is, however, rather well developed, but output-oriented.

IAB, the appeals board, seems to fit into the category of accumulation 2, meaning combining low score on both administrative and managerial accountability. The agency is formally very autonomous and its performance management system is poorly developed. Our explanation for is partly that the tasks of IAB hard to operationalize and measure, at least in terms of outputs and outcomes sense, and also that this is primarily an organization of jurists, a professional group that are generally skeptical towards performance management, preferring instead professional accountability to be in the foreground.

Regarding our expectations from the structural perspective it seems obvious that form of affiliation matter, but not exactly as expected from our derived hypotheses. Health North is as expected scoring high on managerial accountability and low on administrative accountability and also as expected the Welfare Agency is scoring high on administrative accountability and low on managerial accountability. The Immigration Authority and the Integration Agency is scoring as expected high on administrative accountability but somewhat unexpected also high on managerial accountability. The Immigration Appeal board is scoring low on administrative accountability as expected but also somewhat unexpected also low on managerial accountability.

Regarding tasks there are some support for more process based administrative accountability in IAB and NDI and more output and outcome based in IMDi and NLWD as expected. The picture is however complicated because some agencies have a mixed task portfolio such as NLWD that is responsible for both pensions (procedure based) and labour and employment (output/outcome based). Probably there is also a covariation between structural features and task features that make it difficult to isolate the effect of each set of factors.

The coherence in the performance management system also varies across the agencies. There is rather loose coupling in the welfare agency and the IAV and a more integrated system in the three other agencies. As expected from the task specific perspective the Immigration Appeal Board is scoring low on both administrative and managerial accountability. The Welfare Agency is also as expected scoring high on administrative accountability, but somewhat unexpected from this perspective scoring low on managerial accountability.

Overall we see a mixture of administrative and managerial accountability relations in the performance management system. The output orientation is high in four of the five agencies studied. Process related goals is however present in all agencies and especially in NDI and the Health enterprise. The performance management system is not straight forward enhancement of managerial accountability but more a mixed system combining administrative accountability with managerial accountability. Compliance with rules and procedures is supplementing managerial performance. Also accountability for results varies to a great extent. They are high in the immigration and integration agencies, but low in IAB and the welfare agency.

Conclusion

In this paper we have first shown that performance management has become an important accountability practice between Norwegian ministries and central agencies. The Letter of Allocation has become an important document and it is followed up through comprehensive reporting systems in which the Annual Report is a major document. It has gradually been institutionalized in the Norwegian governance system over the past 20 years. Now it is a comprehensive system with long, detailed performance contracts, specified report obligations and long annual reports supplemented by a specified steering dialogue and meeting calendar during the year.

Second, the performance management practice is, however, diverging from the ideal MBOR model. It seems hard for the ministries to prioritize among goals and targets which results in a target overload on the agencies. This is most obvious for the Health Enterprise who has to handle no less than 167 objectives which has increased from 35 objectives in 2008. This comprehensive goals, objectives and targets regime has become a major concern for the incoming government from 2013 that aims to reduce the number of goals that are formulated for each agency.

Third, most of the objectives are focusing on output and to a smaller extent on outcome. This is in line with the claims managerial accountability. There are also some process objectives but very few input objectives. So there is an element of administrative accountability but the MBOR model is definitely changing the balance towards managerial accountability, but more so in some agencies than in other. The focus is more on output and activities than on outcome and effects.

Fourth, there is also a significant performance reporting going on and many of the objectives and targets are not achieved. What the implication of this is for performance steering and consequences for the agencies cannot be documented through these studies. But we know from other studies that performance steering might be the Achilles heel in performance management (Lægreid, Roness and Rubecksen 2007, Breivik 2010, Christensen, Lægreid and Ramslien 2006).

Finally, there are not tight and coherent connections between goals, targets, report obligations reports and obtained results. In some agencies, however, they are more loosely coupled than in other agencies. Going back to the research questions we can conclude that the performance management system has changed the balance between administrative and managerial in favor of the latter. They seems to be combined in a hybrid way. In practice there is, however, significant variations between agencies which can be traced back to variations in form of affiliations but also in what tasks they perform. A main lesson is that performance management system does not succeed by itself but is dependent on organizational factors (Moynihan 2008). Agency level factors have to be taken into account when discussing both the practice of performance management systems and how it affects the balance between managerial and administrative performance.

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