

Accountability and performance in welfare administration reform

Comparing Norway and Germany

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Abstract

This paper starts with a theoretical discussion on the relationship between performance and accountability in public organizations with a special focus on administrative reforms. Accountability theory is discussed and related to different aspects of performance. How ambiguous is the relationship between accountability and performance? Do different types of accountability relate to different aspects of performance or pose certain challenges in NPM reforms, post-NPM reforms and hybrid reforms? The second part of the paper illustrates accountability and performance relations in two large welfare administration reforms in Norway (NAV-reform) and Germany (Hartz-reform) by addressing the impact of these reforms on accountability and performance dynamics. We focus on how the reforms have affected different kinds of accountability relations and the relationship between accountability and performance by focusing on performance management systems. The data used are document studies, interviews and survey data from a large evaluation project.

Foreword

This paper is part of the research project «Reforming the Welfare State: Democracy, accountability and management», funded by the Norwegian Research Council. It was presented at the workshop on «Administrative organization and the welfare state: wicked issues and the challenges of accountability, legitimacy and coordination» at the 2014 Joint Sessions of Workshops at Universidad de Salamanca, Spain, 10 – 15 April.

Introduction

During the last decade, the development of public administration and the provision of public services have mainly been influenced by the ideas of New Public Management (NPM) and Post-New Public Management (Post-NPM). The type and character of the implemented reforms differ from country to country. NPM reforms are inspired by the way the production of services is organized and managed in the private sector, whereas the post-NPM reforms can be seen as a reaction to the negative effects of NPM (Christensen and Lægread, 2010a; Thomasson, 2009). Most NPM reform efforts had similar goals: to improve the efficiency of the public sector, enhance the responsiveness of public agencies to their clients and customers, and improve managerial accountability. NPM especially favours accountability on outcomes over processes (Ossege, 2012; Page, 2006) since outcome accountability is assumed to improve managerial performance by reducing bureaucratic constraints. A key premise was that better performance would follow from effective vertical managerial accountability (Boston and Gill, 2011). Post-NPM questioned the effects of NPM on political control and hence on accountability as well as the efficiency of NPM.

The NPM reform thus focused on «slimming» down direct government control and accountability through programs that involved agencification, privatization, decentralization, a growing focus on users as consumers, and the replacement of more hierarchical forms of control with those based on contractual type relationships, creating a relatively disaggregated system of government. Having weakened the exercise of hierarchical control accountability of the public sector, policymakers, and politicians, have since the late 1990s, sought to improve their ability to coordinate the operations and delivery activity of more fragmented and network and market based forms of governance. The turn towards Post-NPM reforms to modernising the management of the public sector, are grounded in this attempt to tackle fragmentation of policy response by improving coordination between government departments and between actors in a given policy sector.

Both, public sector accountability and public sector performance have been central aspects of administrative reforms within the last decade. However, public managers also increasingly complain about negative effects of accountability (Ossege, 2012). Despite the importance of accountability and performance in public organizations, their relationship is yet understudied. Performance measurement is commonly expected to increase administrative accountability, however the scope of accountability varies; it has political, administrative, professional, legal and social dimensions in dynamic combinations (Bovens, 2007; Romzek and Dubnick, 1987). Another position is that there are tensions between accountability and performance due to incompatibility with each other (Pollitt, 2010). Thus the question what the mechanisms are, if any, that link account giving to individual leaders and organizational performance, is still contested. Indeed, scholars have questioned whether performance information will be honestly reported (Bevan and Hood, 2006), whether the information will be used effectively (Moynihan and Pandey, 2010), whether performance management fits within the overall political institutional framework, and

ultimately, whether performance reporting requirements improve government performance (Radin, 2010).

After three decades of reforms in the public sector in many countries it is rather evident that the relationship between accountability and performance continues to be contested and it is becoming increasingly clear that we have to operate with a multi-dimensional accountability concept (Christensen and Lægreid, 2014). In this article, reforms, accountability and performance are discussed in an analytical way based on the following questions: How is the coupling between accountability and performance handled in NPM, post-NPM reforms and hybrid reforms? What tensions, dilemmas and ambiguities are there between accountability and performance management systems?

We will first discuss how such questions have been handled in the literature on accountability, reform and performance more generally. Then we will illustrate the puzzles of accountability, performance and reform by addressing two of the largest public-sector reform ever conducted in Norway and Germany: the reforms of the welfare and employment administration. Both countries have implemented reforms that have had a major impact on the respective institutional framework for public welfare and employment services, namely the NAV-reform starting in 2005 in Norway and the so called Hartz-reforms in Germany starting in 2002, resulting in massive modernisation efforts. Both reforms combined elements of NPM and Post-NPM, thus challenging the previously dominant organisation of the welfare state based on clear functional differentiation, hierarchy and compliance-based elements of control. This has resulted in an increased hybridity, where ideas, goals and tools from hierarchy, market and network forms of governance co-exist, and a multiplicity of actors participate in the governance of welfare policies. This case selection thus allows the examination of how a common reform trend in both countries is shaped by country traditions and if similar or different developments in the accountability environment of welfare services can be observed. More specifically we analyse the following research question: What are some of the main challenges concerning accountability and performance in the rather hybrid reforms and how are actors in different countries and at different levels experiencing this relationship?

The paper proceeds by first giving a review of existing literature on reforms, accountability and performance. The aim of this overview is to give a theoretical framework for the empirical illustrations in the last part of the article. We discuss different types of accountability by focusing on accountability to whom. Different dilemmas, ambiguities and tensions related to accountability and performance are discussed. Second, we give a brief overview of the methodological approach and data basis for the empirical part related to the welfare administration reform in Norway and Germany. Third, we illustrate the performance and accountability relation in these reforms by addressing how the reforms overall affect different formal and actual accountability relations. Fourth, we discuss the findings in relation to existing literature and draw some conclusion.

An analytical framework

Accountability and performance

Accountability as well as performance of public organizations have been key aspects of recent public sector reform approaches. However, the causal linkages between these two concepts have not been proved and the relationship between accountability and performance is contested. For some scholars, accountability and performance improvement are instrumental to each other (Dubnick, 2005), which means one variable can increase the other. The assumed linkage between accountability and performance is so powerful that the two are used as indicators of each other: to be accountable is to live up to expected performance and to be performing up to standards is a clear sign of being accountable (Dubnick and Frederickson, 2011).

However, another strongly held position is that there are tensions between accountability and performance due to incompatibility with each other (Ossege, 2012; Radin, 2010). The accountability dilemma (Behn, 2001) and the accountability paradox (Dubnick, 2005) have been mentioned in the literature. The accountability dilemma signifies a trade-off between accountability and efficiency as expenses of time and resources devoted to account giving are resources that could have been used to improve performance. In the accountability paradox, organisations are held to account for how well they implement formal accountability processes and procedures rather than for how well they actually perform their primary tasks and duties (Dubnick and Frederickson, 2011). Another variant of this argument is what (Dubnick, 2011) labels the 'reformist paradox' in which efforts to improve accountability through reforms generates consequences that might alter, complicate or undermine existing forms of accountability.

Public organizations typically face multiple sources of legitimate authority and competing expectations for performance. Systems of separation of powers means that legitimate performance expectations and accountability relationships emerge from diverse sources wishing to promote very different perspectives, roles, and often values (Radin, 2010). However, multiple expectations and accountability claims might lead to the consequence that the different accountability relations are only loosely coupled with each other and that «being accountable in one form often requires compromises of other sorts of accountability» (Sinclair, 1995). Koppell (2005) describes this phenomenon as «multiple accountabilities disorder» and asserts that «organizations trying to meet conflicting expectations are likely to be dysfunctional, pleasing no one while trying to please everyone». (Koppell, 2005: 95). The existence of multiple and often competing accountability relationships may thus result in negative organizational outcomes (Romzek and Dubnick, 1987; Romzek and Ingraham, 2000).

Multiple forums and different promises of accountability

Even though the relationship between accountability and performance may not be as clear as we want it to be, it is not any less important to reconsider the effect of accountability on performance, because accountability can be understood as «answerability for performance» (Romzek, 2000). The goal of accountability is to ensure that public administrators pursue publicly valued goals and satisfy legitimate performance expectations. However, the conceptual scope of accountability is somewhat broader than only «answerability for performance». Bovens (2007) defines accountability as «the relationship between an actor and a forum, in which the actor has an obligation to explain and justify his or her conduct, the forum can pose questions and pass judgment, and the actor may face consequences» (Bovens, 2007: 447). Boven's definition gives a good insight into the basic functioning of accountability; however in practice accountability is more complex and ambiguous. Many different processes of accountability are taking place at the same time, involving a vast array of actors. In each process, different kinds of information will be demanded, different kinds of discussions will occur, and different kinds of consequences will apply. Governments are continuously being called to account by several account-holders for their actions and decisions, within different forums at the same time (Willems, 2014).

Public organizations and their leaders are accountable to a number of different forums and there are different ways of categorizing who is accountable to whom (Bovens, 2007; Romzek and Dubnick, 1987; Willems and Van Dooren, 2011). Political accountability is traditionally built on a chain of superior/subordinate relationships, i.e. voters delegate their sovereignty to elected bodies, who further delegate authority to the cabinet and the civil service. The latter are then held accountable back down the chain. This type of accountability relationship is mainly a vertical one in which hierarchical relationships gives the forum formal power over the actor.

Administrative accountability is related to a person's position in a hierarchy whereby a superior calls a subordinate to account for his or her performance of delegated duties. Managerial accountability is about monitoring output and results and making those with delegated authority answerable for carrying out tasks according to agreed performance criteria (Day and Klein 1987). This is different from traditional administrative accountability which is chiefly concerned with monitoring the process or procedures whereby inputs are transformed. Managerial accountability means that managers are on the one hand granted additional autonomy but on the other hand made more directly accountable for their ability to produce measurable results.

Accountability has different promises (Dubnick and Frederickson, 2011), purposes (Bovens, Schillemans, and Hart, 2008) or functions (Willems and Van Dooren, 2012). Dubnick and Frederickson (2011) identify three different «promises» that accountability mechanism should achieve: the promise of control, legitimacy, and performance. Table 1 gives an overview about the different promises of accountability mechanisms.

Table 1: Accountability mechanisms

Promise of	Seeking	Focus on	Setting
Control	Order and compliance (e.g., to achieve operational efficiency)	Inputs	Organizational
Legitimacy	Good governance, democracy, responsiveness (e.g., greater participation, transparency)	Processes	Governance
Performance	Goal attainment, programmatic ends (e.g., effective delivery of services)	Outputs/Outcomes	Policy/Program

Source: *Dubnick and Frederickson, 2011.*

At the input stage, accountability mechanisms are viewed instrumentally as appropriate solutions to issues requiring «control» and include the implementation of hierarchical reporting structures as well as the establishment of record keeping procedures, auditing standards and procedures as well as oversight and supervision mechanism.

The promise of legitimacy is related to the view that accountability is a core characteristic of democratic regimes. In that sense, accountability should promote democratic government as it establishes the answerability and responsiveness of public officials and a set of effective procedural guarantees like regular elections, the rule of law, majority rule, and guaranteed minority rights.

The third promise – performance – should be achieved through regular assessments of performance and the application of performance standards and has become a mantra especially of NPM-inspired reforms. NPM advocates a shift from process accountability towards output and outcome-based forms of control in order to increase performance. Clearly defined goals in combination with increased flexibility concerning how to achieve them is assumed to improve decision-making processes unconstrained by procedural obligations (Ossege, 2012). Performance measurement has thus become central to the infrastructure of government operations. The increasing concern with performance is expressed through a strong increase of auditing, monitoring and evaluating mechanisms which focus on economy, effectiveness, efficiency and ‘value for money’ (Power, 1997). These new mechanism entail a shift from prescribing actions to control for results (Willems and Van Dooren, 2012). The accountability promise brings the «right result» and performance into focus, while the «right procedure» and fairness recedes into the background (Behn, 2001: 9–10). One of the major assumptions of the promise of performance is that more information - especially information about outputs and outcomes rather than inputs and internal organizational processes - will increase the responsibility of public organisations that are being measured and will simultaneously empower those who hold them to account (Pollitt, 2010).

The first two promises should ensure that governing processes are generally responsive to the preferences of the governed or what Fritz Scharpf (2003) has called input legitimacy. The third function deals with the problem that the policies adopted should represent effective solutions to common problems of the governed – i.e. output legitimacy.

(Bovens et al., 2008) add another perspective which they call the learning perspective even though it somehow resembles the performance function or promise. From a learning perspective, the purpose of public accountability is to induce the executive branch to learn. Accountability is effective when public authorities routinely generate and act upon external feedback about their own performance.

Dynamics between types of accountability

Even though each accountability function seems consistent, the relationship between them is ambiguous. Functions may be in conflict with each other which means that satisfying one will affect another. There is a coexistence of competing traditions with often contradictory interpretations of accountability as «new accountability relationships have been added to old ones, creating complex layers and combinations of co-existing, dynamic accountability structures and processes» (Olsen, 2014). Therefore studying accountability requires to analyze the complexity and dynamics of accountability relations and processes (Olsen, 2013). This is especially relevant in unsettled situations such as in periods with comprehensive reforms. Multiple actors, accountability claims and standards are present. Accountability relationships and processes evolve through political debate and in particular in response to exceptional, unexpected and undesired events, scandals, accidents and performance crises (Olsen 2014). When something has gone seriously wrong within public organizations, the tendency has been to restructure accountability relations and often to add new layers of accountability requirements. A consequence of that expansion has been to create even greater confusion about who is accountable for what in government (Thomas, 2006).

What we see is the co-existence of different and partly contradictory interpretations of accountability, i.e. an emerging hybridity, which creates potential dilemmas and contradictions for the individual leader or civil servant. Traditional input and procedural oriented accountability relationships are still important but have now been supplemented by newer NPM accountability relations. A literature review on the cross pressures of accountability and their potential negative consequences has identified that contracting, privatization, and hybrid organizations lead to accountability challenges and require particular accountability capacities and that performance measurement, performance-based accountability have complicated traditional forms of accountability and organizational performance (Dubnick and Yang 2011).

In particular, the performance promise of accountability constitute a complicate balancing act and some authors even state that control and legitimacy aspects are violated in the name of public sector efficiency (Flinders, 2011). NPM argues for more business efficiency and accountability for performance without paying much attention to political accountability and accountability for fairness (Behn, 2001). A preoccupation with efficiency tends to overvalue the need for managerial accountability rather than promoting political accountability. Efficiency is no guarantor of good political and social judgment, which is essential in securing genuine political accountability and legitimacy in a democracy (Gregory 1998). The pursuit of managerial accountability can exact a price in the shrinkage of a sense of political accountability. There is a built-in inconsistency in NPM. The reformers

claim to empower customers, free managers and strengthen political control, but these three things are difficult to achieve simultaneously (Pollitt and Bouckaert 2011).

NPM has produced a more fragmented and autonomous public sector, which is not only a tool for elected political leaders. Public-sector organizations have been given increased discretion not only with regard to administrative and technical issues but in practice also in policy issues, and they have become political actors that not only address their political principals but also have multiple relationships to society (Lægreid and Verhoest 2010). Most of the premises that guide administrative behavior seldom reach the attention of political executives and citizens. This means that we have to go beyond the hierarchical approach to accountability and allow more dynamic multi-dimensional accountability relationships. However, multiple accountability is often seen as a challenge and a synonym for accountability overload (Koppell, 2005).

By contrast, Bovens and Schillemanns (Schillemans and Bovens, 2010) also identify some advantages of multiple accountability relations like the increased level of information and the incorporation of several legitimate values into public organizations. They conclude that where hierarchical control of professional bureaucracies is challenged and multiple, competing values are at issue, redundant accountability is probably valuable (Schillemans and Bovens, 2010: 19).

Challenges of performance

Next to tensions between the promise of performance and other accountability functions, the concept of performance and its measurement is in itself contested. Performance measurement is not a technocratic process but has to be viewed as a subjective, ideological concept, taking place in a political context. The definition of performance is neither strictly objective nor neutral in its effects (Jann and Jantz, 2008). Performance is what those people centrally involved in and concerned about an organization agrees, implicitly and explicitly, to be performance.

Defining performance in this way detracts from the claim that performance measurement systems provide objective and reliable evidence about what works and what doesn't. Van Thiel and Leeuw (2002) reveal a «performance paradox» implying a weak correlation between performance indicators and performance itself. Furthermore, the empirical research has identified several negative and unintended consequences of performance measurement, such as gaming (Hood, 2006, 2012; Pollitt, 2013; Smith, 1995). Dysfunctions of performance management can be linked to both manipulation of measurement and manipulation of output (van Dooren, Bouckaert and Halligan 2010).

Especially in reform situations there is often disagreement about what constitutes good performance and for whose benefit improvements are made, which makes the relationship between performance and accountability even more blurred. Over the past decade the performance-based NPM model has been challenged by post-NPM reform measures characterized by an increased focus on integration, networks and horizontal coordination as well as by a rediscovery of bureaucracy and a renewed emphasis on the rule of law and stronger central government capacity (Christensen and Lægreid 2007b). The reactive nature of post-NPM is partly caused by a concern from executive politicians of

losing political control, but partly also resulting from reactions towards NPM measures from user groups and media about lack of quality and increasing social inequality in public services. Post-NPM reforms are associated with a strengthening of coordination through more centralized or collaborative capacity. This emphasis on cooperation and collaboration is achieved, for example, through centralization at the centre, joined-up targets, coordination within networks of diverse actors, or through reintegration and coordination using digital technology. Politicians are guarantors of compromise deals between multiple stakeholders, while civil servants are network managers and partnership leaders. The role of the citizen is that of a co-producer implying that public servants do not only respond to the demands of «customers» but should also focus on building relationships of collaboration with citizens. (Christensen and Læg Reid, 2010a; Denhardt and Denhardt, 2000; Jun, 2009; Lodge and Gill, 2011).

The result is increased complexity and the development of hybrid organizational forms. Accountability in such a system means being answerable to different stakeholders and for the achievement of multiple and often ambiguous objectives. Thus accountability relations tend to become shared, resulting in unclear accountability lines (Boston and Gill 2011). The trend in the second generation of reforms to strengthen the centre can be seen as an effort to reduce such accountability problems and to bring political accountability to the fore once again (Roberts 2011).

Data basis

To illustrate empirically the accountability and performance dynamics related to reform efforts the restructuring of the welfare administration reform in Germany and Norway is used as critical cases in the sense that they have a strategic importance in relation to the general problem (Flyvbjerg, 2006). Both cases have significantly reformed the organizational structure of the welfare administration combining elements of NPM and post-NPM. The main data on the characteristics of the welfare administrative reform processes and reform contents are from interviews with political and administrative leadership, and some representatives from Parliament. But we have also used public documents, like governmental proposals to parliament, reports from public committees and minutes from the parliament as well as audit reports from supreme audit institutions. The outline of the formal structure of the performance managements system in the welfare sector is mainly based on public documents. How the performance management system works in practice in Norway is partly documented through systematic analysis of steering documents and annual reports. Further, we use a case study for Norway of the functioning of this system to give an impression on the overall practice of how this system works especially in the relationship between the ministry and the central agency, based on document studies and interviews with key actors (Breivik 2010) as well as evaluations on management-by-objectives in employment services for Germany (Kaltenborn, Wielage, von Bothmer, and Henkel, 2010).

Reform trajectory in Norway and Germany

The *German* welfare state is typically depicted as an example of a conservative welfare regime that has been considered to be resistant to reform (Hassel, 2010). This reluctant reform capacity has changed significantly with the announcement of the Agenda 2010 in 2003 by Chancellor Gerhard Schröder and the following so-called Hartz-legislation. Prior to these reforms, Germany had a three-tier benefit system for the unemployed including unemployment insurance benefit and unemployment assistance, both administered by the Federal Employment Agency (FEA) and social assistance administered by the municipalities.

As a result of the reform, the FEA now deals with recipients of the insurance-based unemployment benefit I (Arbeitslosengeld I – UB I) in newly created customer centres at the local level where the administration of benefits as well as the provision of labour market services is concentrated. The tax funded and means-tested unemployment benefit II (Arbeitslosengeld II - UB II) as well as active labour market services for all unemployed, that are not eligible for UB I, is usually administered in 'joint facilities' (JFs) (gemeinsame Einrichtungen) where the FEA works together with the municipalities. In the JFs, however, responsibilities for tasks and funding are clearly separated. Furthermore, 110 municipalities have been licensed to administer the UB II on their own; the so-called opt-out municipalities (Optionskommunen). Thus, the original intention to provide all services for unemployed within a one-stop shop has not been realized.

The internal governance structure of the FEA has also been reformed. The social partners have lost their influence on operational policies of the FEA as the day-to-day business has been transferred to a full-time management board; however there is still a tripartite administrative board on the central and local level. With respect to the operation of the JFs, the Federal Ministry of Labour and Social Affairs (BMAS) contracts the FEA as delivery agency and negotiates strategic targets directly with the management board (Weishaupt, 2011).

Norway has a two tier benefit system for the unemployed (unemployment benefits and social assistance), whereas, until 2006, there has been a division of labour between the National Social Security Directorate (responsible for different social benefits like disability, maternity and pensions), the National Employment Service (responsible for the implementation of the labour market policy) and the social services at municipal level (Christensen, Lise Fimreite, and Læg Reid, 2007)(Overbye, Vabo, and Wedde, 2006). Since the 1980s, the organisation of welfare services has been regarded as too fragmented, involving too many contact points between service users and providers and too little coordination between the various organisations and levels, but it was political difficult to further any reform.

After a conflict-ridden process, the Parliament approved the merger of the Social Security Directorate and the Employment Service into a single central Agency for Employment and Welfare (NAV) in 2005. The reform profited from the fact that the responsibility for insurance administration, national employment services and the regulatory responsibility for local social services had been integrated into one ministry for the first time in 2004 (Fimreite and Læg Reid, 2009). The reform also introduced formal

collaboration between the NAV agency and social administration of the municipalities. The NAV offices – situated in each of Norway’s 429 municipalities – constitute a one-stop shop system where services from NAV are integrated with local social services. This front-line office is organized as a central-local government partnership regulated by local agreements. In 2008, a reorganisation of the reform introduced six pension units; and 37 administrative units were established at the regional level. The purpose of these units is to handle standardised services leading to a significant reduction of resources and competencies of the local offices (Christensen and Læg Reid, 2010b). One lesson from the reform is that increasing the capacity of government to cut across existing policy fields and handle transboundary wicked issues are still struggling to be implemented. Cooperation between sectors is however easier to achieve than cooperation between levels. The joined-up government-approach also tends to make accountability relations more ambiguous.

In both cases, the policy goals underpinning the reforms reflect a desire to shift the delivery of labour market and social security policy so that it aligns with the creation of more streamlined and «active» welfare states. These goals tap into concerns that existing systems have too often exhibited poor coordination, insufficient responsiveness to customers, lack of efficiency, and failure to encourage innovation in service delivery (Christensen, Knuth, Læg Reid, and Wiggan, 2009). But there is also one main difference between the countries: Germany has combined policy as well as benefits reforms with structural and organisational reform elements whereas Norway has concentrated in the beginning on a large structural reform which was only later combined with some policy oriented reform steps like the launch of the Qualification Programme in 2007, which should reduce long-term dependency on benefits through individualised pathways (Kildal and Nilsen, 2011).

Nevertheless, the reforms in both countries combined elements of NPM and Post-NPM reform. NPM-principles encompass in this regard the introduction of customer and results-oriented public employment services, governed in a managerial style and the introduction of management by objectives through the use of performance targets and benchmarking shifting the focus from inputs and processes towards outputs and outcomes. Post-NPM elements include the creation of one-stop agencies that provide active labour market services and administer benefits for all unemployed; the decentralization of the provision of labour market services and a closer alignment and coordination between central employment and local social services in order to encourage greater responsiveness to local and individual circumstances.

The following table summarises the different measures of the reforms as well as developments according to NPM and Post-NPM principles in the two countries.

Table 2: NPM and Post-NPM as part of the reforms

	Norway		Germany	
	NPM	Post-NPM	NPM	Post-NPM
Steering and collaboration	Contract steering between the ministry and NAV as well as within the different levels of NAV using a Management-by-Objective-and-Result system	Integration of pension, social and labour policies into one ministry. Joint leadership of the local offices by NAV and municipalities. Regular dialogue meetings between representatives from NAV and municipalities.	Contract steering between the ministry and the FEA as well as within the different levels of the FEA. Separate contracts for the JFs. Stronger role of the management board, weakening of social partners.	Advisory board in every JF. Administrative board on the national level and local level (tripartite) for UB I.
Service provision	Strong specialisation according to functional principles in administrative units at central or regional level as part of the re-reform in 2008.	Holistic approach at the beginning, all services should be provided in a one-stop shop, and most cases should be closed there. Integration of services from different sectors and territorial levels.	Specialised teams for different groups of unemployed, employers etc. Organisational fragmentation between UB I and UB II. Tasks in JFs highly separated between national and local level.	Integration of different (local) services into the JFs.
Role of citizens	Customer orientation through the introduction of case management, follow ups. Rhetoric of tailor-made services through decentralisation.	Minor approaches of customer involvement through contracts.	Strong customer rhetoric (individual case management, regular customer surveys etc).	Contracts between the FEA and individual clients usually stipulating the terms of reintegration agreements and their rights and duties.

Source: own compilation

The Structure of the Performance Management System

Germany

The governance of employment and welfare services in Germany is complex. As mentioned, there are now two different systems (UB I and UB II) with different governance and performance management systems. The Hartz reforms created a situation in which income protection and activation are delivered through separate systems for the short-term (UB I recipients) and long-term (UB II recipients) unemployed.

As the Unemployment Benefit I is funded through employer and employee contributions while Unemployment Benefit II is tax financed, the former is subject of more

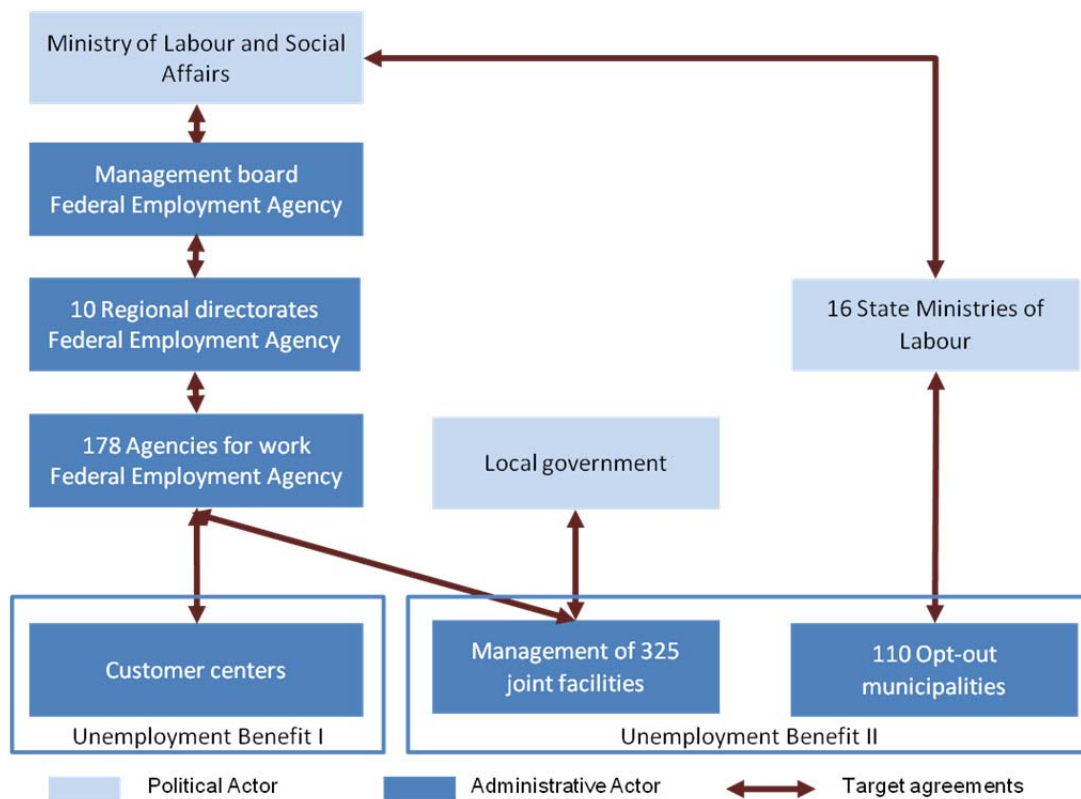
autonomous governance through the BA and the latter is subject to a performance management mainly imposed by the Ministry of Labour and Social Affairs (BMAS). The Ministry has the legal, and in the case of the UB II also the functional oversight on the Federal Employment Agency (FEA); it has to approve the budget of the FEA and appoints the members of the management board. There is a stable political consensus among the major political parties as well as among the central and the local level governments about the major expectations on labour market services and the operation of the FEA: reduction of the unemployment rate as well as low contributions to the unemployment insurance (financing UB I) and a low number of recipients of UB II (financed by the general budget of the central and the local level). As long as these targets are achieved, the FEA is relatively free in managing their operations.

The major instrument to hold the FEA accountable by the ministry are target agreements that are formulated separately for each benefit regime, for the Unemployment Benefit I since 2011 and for the Unemployment Benefit II since 2007. It is interesting to note that the target agreements for the UB I only include general indicators without numerical goals and that the indicators that are agreed upon between the BMAS and the FEA differ from the indicators that the FEA has defined for their internal steering, thus signifying only a loose coupling between external and internal accountability systems. Furthermore, senior managers of the FEA have reported that the target agreements with the BMAS have no influence on their work and sanctions for not reaching the targets are neither formulated nor applied (Kaltenborn et al., 2010; Schuberth, 2010; Bundesrechnungshof 2012). The BMAS is rather reluctant to interfere into the day-to-day operations of the FEA, the same is true for local governments, which has also to do with structural constraints. This might be in line with the classical NPM doctrine of «Let the managers manage», however it also increase the danger of agency drift.

The internal steering system of the FEA is highly detailed, formalized and target driven for both benefit regimes, UB I and II. However, in contrast to the NPM doctrine not only outputs and outcomes are measured but also procedural standards. Thus, a highly complex target system has evolved with procedural indicators (waiting time, availability, duration of benefit application) as well as output and outcome indicators (number of job placements, number of job to job transitions, vacancy filling, customer satisfaction, duration of unemployment:). It has been criticized that too many indicators are controlled for that are not part of the regular system of management by objectives (Kaltenborn et al., 2010).

As the tasks in the JFs, where the FEA and the local level are cooperating, have been kept strictly separate, the local competencies were not included in the target system and there was no formulation of joined-up targets. However, since 2013 the system has changed. Now, the local governments as well as the Federal Employment Agency are negotiating targets with the management of the joint facilities for the implementation of the Unemployment Benefit II. For the opt-out municipalities, targets are first agreed between the Federal Ministry of Labour and Social Affairs and the Ministries of Labour of the 16 German States. Based on that, the State Ministries of Labour are negotiating targets with the opt-out municipalities in their sphere of influence. However, in 2012 only 18% (joint-facilities) or respectively 10% (opt-out municipalities) of the local facilities have concluded target agreements for the municipal tasks and services.

The following graph gives an overview about the process of target formulation in both benefits systems:



Source: own compilation

The indicators for the FEA mentioned above are formulated and controlled by the management board of the FEA and broken down to the regional and the local level. Moreover, they are equipped with numerical targets for each region and local office according to local circumstances. Once targets are set, there is a system of quarterly performance management dialogues. Performance dialogues are effectuated over all hierarchy levels, that is: 1) between the board of directors of the head office and the ten regional directors, and 2) between the ten regional directors and respectively the local directors of the 178 local agencies.

Different regions are clustered according to facing similar labour market challenges. The local offices in these clusters are regularly benchmarked against each other. Furthermore, a system of pay for performance has been introduced for executive managers on the different levels which is based on target achievement and links the organisational targets with individual success. What became clear is that the target or performance logic is now the dominant rationality of the Federal Employment Agency:

However, even though the FEA has implemented a performance measurement system that should introduce the principle of management by objectives across the organisation (Weise, 2013), in 2012 alone the FEA has issued 346 internal directions (Öchsner, 2012) meaning a constant layering of different accountability procedures and a struggle over how

much control should be put on the different levels. Management-by-objectives is not consistently implemented in the FEA, but there are parallel systems layered upon each other. Furthermore, the local levels have only little influence on the formulation of the target values (Kaltenborn et al., 2010).

Decentralised autonomy and discretion is sharply reduced in comparison to the 'old' bureaucratic model, which is not only in contrast to the idea of management by objectives but also to a reform rhetoric that has strongly advocated for collaboration on the local level and for discretion of front-line service provision in order to make services more tailor-made and to take individuals as well as local circumstances into account (Hielscher and Ochs, 2012; Schütz, 2012).

Norway

In Norway the welfare benefits are funded by tax money. Actually one third of the state budget is allocated through the NAV system. The general and mandatory governmental performance management system labelled Management-by-objective-and-results (MBOR) has been applied also to the Labour and Welfare Administration, meaning that the system will be like any ministry-agency performance system and not a special and rather complicated one like in Germany. Based on the state budget the parent ministry is formulating an annual letter of allocation to the central agency. Allocated financial resources are specified and general goals as well as more specified objectives, targets and performance indicators are formulated and followed by specified reporting procedures. This letter of allocation is then used by the central agency to control and steer subordinate regional bodies: six pension units and 37 regional bodies. And the regional bodies then apply the steering documents on the local NAV agencies in all 428 municipalities. So it is implemented in a hierarchical steering line and delegation from the ministry to the regional and local level. Due to the principle of local self-government the MBOR system has, however, not been applied to the municipal part of the local one-stop shops. The central government cannot formulate goals and objectives for the social services which are a municipal responsibility - that is up to the municipal council to decide. The current conservative government is aiming at removing the division between the state and municipal part of these local offices.

When the Management-by-objective-and-result (MBOR) system was introduced in 1990 it had a main focus on goals, objectives and targets. Over the years it has to a greater extent addressed results and performance. It is now less rigid and more adapted to the special features and tasks of different state organizations, but its core is rather generic. 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. The performance management system was integrated into the Government Financial Regulations in 1996 and has become mandatory for all government agencies. This includes a) an annual Letter of Allocation, which is a contract-like arrangement between the parent ministry and subordinate agencies concerning resources, objectives and performance indicators, b) a comprehensive reporting system throughout

the year and an annual report, and c) a steering dialogue between the parent ministry and central agency including regular formal governance meetings.

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’. Many ministries and agencies have made a considerable effort to establish performance indicators and to implement performance reporting systems (Christensen and Lægneid, 2007a). A special agency for Financial Management was set up in 2004 to strengthen financial management and improve resource efficiency within the public sector.

The performance management model is supposed to be a process consisting of four tightly integrated phases: First, formulating goals in some kind of hierarchy of main goals and sub-goals, which demands both clearly specified goals but also discretion for subordinate leaders, organizations and levels to be able to achieve those goals. Goals and objectives should be decided by political executives and the parent ministry through a top-down process, but also formulated in a process and dialogue with subordinate bodies and managers. They should be stable, operationalized and consistent. Secondly, the annual Letter of Allocation should present concrete and testable criteria for goal achievement and specify efficiency targets. Third, reporting on activities and results should be connected to the result indicators and steering parameters, including quantitative indicators and evaluation of output (activities) and outcomes (effects). Performance information takes the goals and objectives of the agencies as the point of departure. Fourth, using reported results for learning and further performance steering. MBOR prescribes that performance indicators should be used to reward good performance and to punish bad

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. Also, key personnel quite often change jobs between agency and parent ministry. Furthermore, both the Labour and Welfare agency and the ministry are located in Oslo and this tends to increase formal and informal personnel interaction.

Ministry-agency interactions are frequent. The Directorate of Labor and Welfare 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 (Askim, Christensen and Lægneid 2014). In addition to the regular steering dialog and formal agency governance meetings between managerial executives in the ministry and the central agency following up on the letter allocation, there are also frequent contact meeting between political executives and managerial executives in the ministry and central agency and also special meetings handling specific actual problems (Breivik 2010). In practice there seems to be two partly overlapping and supplementing lines of governance, one formal closely linked to the steering dialog, the letter of allocation and reporting routines and one informal addressing actual and pressing political issues (Christensen and Lægneid, 2002).

A related point is that levels of trust between ministry and agency leaders and also between political and managerial executives is comparatively high in Norway, both as a consequence of low information asymmetry and as a reflection that Norway is scoring high on mutual trust relations between political and administrative executives and between ministries and central agencies (Christensen, Lægreid and Stigen 2006).

A typical feature of the ministry-NAV agency steering relationship after the reform is that the ministry have capacity problems because of the agency being large and complex, something that gives the agency a relatively strong role in a rather information asymmetrical system. The ministry tends therefore to focus more on certain goals and sub-policies, often reflecting pressures from the Parliament. The coupling of the ministry-agency performance management system and the rather detailed internal performance management system in the agency, including steering of the regional and local level, is not as tight as in Germany.

Performance measurement, performance and accountability

Germany

In the literature, the relationship between performance measurement, performance and accountability is contested. For the first relationship between performance measurement and performance, it can be stated that the relationship is ambiguous in Germany. It can be shown from the development of some key performance indicators from both benefit systems within the last six years that even though the overall performance has not deteriorated, it cannot be stated that the overall performance has significantly increased. Rather there are ups and downs in the performance record.

Concerning the connection between accountability and performance measurement, two major contradictions are obvious in the steering of the Federal Employment Agency. The first one is the contradiction between political and/or bureaucratic and managerial accountability. Through the increased importance of numbers and also because of a new self-confidence of the reformed Federal Employment Agency, there is a constant tension between political and statutory mandate and the focus on performance and efficiency.

«There are many people from consultancy firms (in the Federal employment Agency) [...] They know the business point of view, that is for sure. And the bureaucratic application of the law is not at the forefront of their thinking, but rather to keep the business running. [...] This also happens at the expense of the social mandate. In this regard, their own observation (of the Federal Employment Agency) that they are not a social service provider any more might be right. However, the law formulates it differently, and I think quite right. So efficiency, effectiveness cannot be an end in itself» (Interview Federal Audit Office)

There has been a shift in accountability from the political to the managerial sphere and from input and processes to output. The formal political accountability system has stayed the same at the central level, but the political leadership lacks the resources and capacity to deal with the size and complexity of the Federal Employment Agency and its subordinate

levels. This results in the fact that political accountability is significantly lower for the employment services than in other sectors as has also been found out by a large survey on public sector executives (Hammerschmid et al. 2013): politicians are perceived to respect senior executives' technical expertise to a somewhat greater extent; they influence senior-level appointments less often, they interfere less in routine activities and senior executives have more chances to initiate reforms.

However, at the end of the day, it is still the political principal which will be held to account by the public.

«I know that the Ministry of Labour and Social Affairs will definitely be held to account politically for failures. [...] the political responsibility is again and again attached to us and this is also a little bit difficult. You have a political responsibility that lies up to us» (Interview with a senior official - Ministry of Labour and Social Affairs)

The second problematic aspect is the tension between different, also sometimes contradictory tasks and expectations and how they are prioritized through the performance management system. More information does not necessarily increase accountability and does not necessarily improve performance. The FEA has become more transparent in their activities, but even though the performance indicators might be useful for managers to structure their work, they also seem to divert their attention away from tasks that should be prioritized if the overall goals of the labour market policy should be fulfilled and negative effects like cherry-picking and output distortion should be avoided.

Hielscher/Ochs (Hielscher and Ochs, 2012) have labeled controlling as the new language of the reformed Federal Employment Agency. The value system that had been evolved during the reform period emphasizes the importance of the performance aspects and often leads to conflicts between organisational and broader social political goal. There were several criticisms from the staff councils in recent years that the inherent dualism between market-orientation and social-political orientation has been shifted into a pure focus on targets especially neglecting the sustainability aspects of the (often only short-term) placements into the labour market because the performance indicators do not incentivize for long-term oriented integration strategies (Einsiedler, 2012; Kaltenborn et al., 2010)

«The (local) agencies (for work) are focused on the achievements of quantifiable targets. [...] Numbers have become the normative rationality not only for the leadership but also for the decisions in the counselling and integration activities» (Einsiedler, 2012, p. 11)

This has also been highlighted by the Federal Court of Audit that has investigated the system of management-by-objectives in the Federal Employment Agency. They conclude that even though management-by-objectives in principle is valued as a useful tool, the system in the Federal Employment Agency is not providing the right incentives as the local agencies are concentrating on job-seekers with good integration perspectives. The court has found dysfunctions in the form of "creaming" and manipulation. The mismanagement is a reaction of the local agencies and regional offices to the performance system and the target expectations of the headquarter (Bundesrechnungshof 2012).

«If I have an internal ranking which has also effects on the payment, then, of course, I look how I get my numbers, and I get them easier if I take an easy to place unemployed and place

him instead of a difficult to place that I can handle over into Unemployment Benefit II after one year» (Interview Federal Audit Office).

Norway

We mainly describe how the performance management system works in practice by focusing on the relationship between the parent ministry and the central agency of labour and welfare, but pay also some attention to how central actors at the local level experience the system.

The Norwegian model of Management by Objectives (MBO) has as a formal framework, a set of rules of steering decided by the Ministry of Finance (Breivik 2010). The so-called 'steering dialogue' between the Ministry of Labour (MoL) and the NAV agency, headed by the welfare policy division, consists of a set of formal steering documents: laws/rules, a yearly letter of allocations, minutes from various meetings, and contacts between leaders.

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 intent is decided on during a rather complex process of consultation between and within levels, without much conflict. 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. The main goals, sub-goals, result indicators and result information are rather complex. In 2009, the steering documents included 68 different performance targets, steering parameters and reporting requirements, indicating a rather detailed steering ambition from the ministry but also a lack of prioritizing. The focus is overall more on output, activities, means and measures than on outcomes, and detailed and subject to change, which is a reflection of the political leadership being instrumentally oriented, for example in response to changing pressure in parliament and the media. These features are deviations from the ideal model. This is especially the case for tasks related to pensions and insurance and less so for tasks related to labour and employment.

Generally there is a loose coupling between overall goals, targets, performance indicators and performance reporting, and using the reported results for performance steering. There is an especially large gap between the overall goals in the budget documents, which tend to be outcome goals, and the more specific performance indicators, which tend to be output related. And there are also few indications that performance reports are used for steering or learning. The Office of the Auditor General is critical towards the steering dialogue concerning what it calls traceability (Office of the Auditor General 2010). There is an alleged lack of coupling between the budget proposal that tend to have outcome goals and the Letter of Allocation that tend to have output objectives. The problem of traceability is also connected to an alleged lack of coupling between goals and resources allocated to the agency, but also with the fact that steering signals are sent from the political leadership through different channels that are overall difficult to identify and grasp. The latter criticism is disputed by the ministry. Overall there is an overload of

detailed information from the agency and quite a lot of the reporting to the ministry are not directly coupled to the objectives and targets or report requirements in the Letter of Allocation.

The agency is increasingly measuring information that is more detailed than the ministry needs, reflecting a rather detailed internal performance management system in the agency. There is also some doubt in the agency about what the ministry needs and it is alleged that reporting tends to be influenced by which result indicators are available. And indeed, quite a lot of the reporting of results to the ministry is not directly connected to the result goals, steering parameters or the report requirements of the letters of intent. Reporting results is important to keep the political leadership and parliament informed. But adjustments in goals and result requirements are relatively loosely coupled to the result information reported, reflecting that that the ministry finds it difficult to steer and control the agency. A clear deviation from the ideal model of MBO is that the ministry makes very little use of rewards and sanctions as elements in the steering dialogue (Breivik 2010). Overall there are few indicators that the performance reports are used for steering and learning.

In 2012 the Letter of Allocation for the Labour and Welfare Agency was a 47 page document listing 24 performance objectives (Askim, Christensen and Lægveid 2014). This is a decrease from 31 objectives in 2008. The goal portfolio is, however, poorly operationalized into precise performance targets. None of the performance objectives refer to agency inputs, two refer to agency work processes, 19 refer to agency 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 the Labour and Welfare agency to report performance to its parent ministry. Reporting obligations are relatively detailed, including specifications about when reports are to be submitted.

The 2012 Annual report from the Labour and Welfare agency is an 81-page document. It 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 the annual report whether or not the agency has reached its performance targets. Occasionally, the agency subjectively concludes targets were reached, but these targets are constructed in the annual report; they do not feature in the performance contract.

In practice the performance management system can be characterized more as a steering philosophy than as a steering technique or a learning tool. It works as an information system for the political leadership and as a control system for the administrative executive. An unsolved problem is how performance management systems from the central government can be applied to the municipal part of the local one-stop shops, since some of whose objectives are supposed to be defined by local elected bodies rather than by central government agencies.

Locally the performance management system is regarded as too complex to serve two lines of command (Byrkjeflot, Christensen and Lægveid 2013). Even if a large majority of the managers at the local NAV offices report that the central government's performance

indicators are to some or a great extent useful in their daily work (Andreassen et al. 2011) a majority of the local managers also feel that the performance indicators are diverting their attention from tasks that should be prioritized if the overall goals of the reform are to be fulfilled. «The performance management system does not contribute so that the local NAV office can be holistic» (interview, local NAV office manager). This is a reflection of the fact that the centrally decided performance indicators are pretty loosely coupled to the main aims of the reform, but also that municipal demands and constraints are of importance for the local offices.

Overall, the Labour and Welfare Agency is scoring low on operationalization of goals and is definitely tilting more in the direction of administrative accountability in its output profile than in the direction of managerial accountability (Askim, Christensen and Lægreid 2014). The transparency of goal achievement is however low and difficult to assess and the overall accountability for results are rather low. So it is a loose connection between objective performance reporting and performance assessment indicating that it is difficult to practice the ideal model of MBOR in this field.

The agency has a traditional ministry-agency relationship with the superior ministry. But the Parliament is overall rather pro-active towards the Labour and Welfare Agency, focusing political accountability due to the political salience of the field. In the period 2000-2012 the Audit Office submitted 9 performance audits on the NAV system to the Parliament. But this does not mean a more detailed performance system. There are at least two reasons for this. First, the welfare administration reform gave the Labor and Welfare Agency 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 Lægreid, 2012). 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 the pressure from the Parliament.

Second, the nature of the task portfolio of the agency is complex, which make operationalization and outcomes focus difficult. The formal structure of the Labour and Welfare Agency 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 measure

Comparative discussion

This analysis has shown some main differences between Germany and Norway. First, that complexity in the steering of employment systems is higher in Germany because of two different benefit systems that are administered through two different organizational structures. Furthermore, especially when the Unemployment Benefit II is concerned, also the 16 German Länder are involved in the steering and performance management process adding another tier to the process.

In both countries, there was a strong one-stop and partnership rhetoric during the reform process, reflecting the desire to shift the delivery of labour market and social security policy so that it aligns with the creation of more streamlined and active welfare state. However, in the German case they did not arrive at it (one-stop shop) which also shows the different reform capacities in Germany and Norway, whereas Germany ended up in political compromise which became necessary due to the involvement of the second chamber, the Bundesrat, in the reform process. These different reform trajectories have created performance and accountability problems afterwards.

Second, political accountability is looser in Germany. The parent Ministry in Norway tries regularly to intervene into NAV, reflecting a more proactive ministry, although with capacity problems and often a selective focus using informal steering channels outside the formal performance management system. In Norway, the accountability relations are complicated by a dual two-tiered governance system – one formal performance management system and one informal system addressing the pressing political issues of the day that are not easy to incorporate into a rather rigid performance management system. This is not the case in Germany in which the ministry mainly steers through regulations but not so much with letters of allocations and steering dialogues.

We have also revealed some similarities. The first one is that besides the rhetoric of partnership, it was very difficult to integrate the local services into an overall accountability system and the central and local services lines are not fully integrated yet. This shows how difficult it is to integrate joint up government and partnership ideas into a long-established system of local self-government and how tension are created between the central and the local line. So we see some contradictions here between the principles of partnership, often having the central level (in our cases the agency) as the strong part, and local self-government. It is not easy to include cross-cutting targets that are transcending administrative levels and also policy areas into the performance management system. Unless cross-cutting targets get equal status as organization-specific targets the performance management system will have difficulties becoming a major tool for handling 'wicked issues' of unemployment and poverty which are core issues for the welfare administration (Pollitt, 2003; Christensen and Laegreid, 2007a).

Second, we see in both cases some kind of over-steering the system, adding always new layers of reporting requirements and thus reducing the flexibility of the local level. This overloading might reflect a contradiction between NPM ideas of greater local responsibility and discretion of the street level on the one side and on the other side the long established system of central political and administrative accountability, which is inherent in the democratic chain of delegation but which is also inherent of our «monitory society» in which there is always the need to blame somebody and to make somebody responsible. The promise of accountability is too often interpreted as to make someone pay for an error or mistake (Flinders, 2011). So responsibility of lower level can just not work, especially when a salient policy field like welfare services is concerned. Thus, what we can observe is an accountability dilemma in the way that the requirements of accountability (i.e., regular reporting, the use of audit mechanisms, short-term time horizons, etc.) contradicts against the imperatives of effective service delivery (freedom to manage, innovation, flexibility, risk taking, long-term planning) (Flinders, 2011).

Third, capacity and goal ambiguity matters. The welfare administration agencies are huge and have complex regional and local administrative arrangements. They have a varied task portfolio and are responsible for a lot of money. The capacity for the parent ministry to control and steer these agencies are limited. And even if they would be able to do so, there still would be a goal ambiguity within the delivery of welfare services which makes every accountability process inherently complex. Delivering public goods at a time when societies are themselves increasingly diverse and complex makes the role of politicians and public managers complicated and messy because they must balance competing pressures and values and have to decide on questions of rights and responsibilities or how a fair treatment of job seekers is supposed to look like and what behavior can be expected from job seekers. However, this goal ambiguity is too often not reflected in the performance management system that tend to selectively identify aspects of organizational practice and operationalizing some goals while effectively ignoring others, too often the goals that are long-term and not quantifiable. In addition, performance measures may badly skew incentives, leading to distortions such as creaming and goal displacement, which can be especially observed in the German case. This leads to a fourth crucial aspect in the relationship of performance and accountability which is the tight or loose coupling connecting performance measures, justification and debate of performance results as well as sanctions, penalties and incentives. If there is no coupling, or only a very weak connection between these elements, then performance targets may not have much effect on behavior. If, on the other hand, the connection is drawn very tight, so that everybody knows that heads will fall in the event of a missed target, then gaming and cheating behaviors are likely to flourish, like it can be observed in the German case.

Conclusion

Contemporary administrative reforms are complex and multifaceted. However, two central tendencies stand out in the two cases analyzed: changing structures and increased attention to performance criteria. Both of these warrant attention because of their implications for accountability practices.

In this article we have revealed that uncovering the linkages between administrative reforms, performance measurement and accountability is more complex than it appears at first sight. Administrative reforms create new institutional and accountability structures, which influence service delivery, but not necessarily in the direction expected by the reform agents. This implies that reforms may affect accountability relations but also that different accountability relations may influence the performance of reforms.

We have, first, shown that performance management systems in practice differ from the ideal formal performance management system both in Germany and Norway. A comprehensive and complex performance management system has been institutionalized in both countries but when the formal systems meet the world of practice there seems to be a miss-match.

Second, we have shown that different complex, dynamic and layered accountability forms are emerging. Vertical accountability relations are supplemented by other

accountability types and accountability relations have become more blurred and ambiguous. One of the main challenges in both countries is to establish constructive cooperation between central and local authorities, related to a structural solution that is complex and hybrid. It seems hard to live up to the intentions and ambitions in the joined-up-government approach.

Third, we have revealed that the relationship between performance and accountability is rather ambiguous, contested and loosely coupled. The reforms have affected accountability relations and the relationships between performance and accountability but not in a straightforward way and there are different trajectories in Norway and Germany.

Our argument is that both different reform patterns and different country features between the federal German system and the unitary Norwegian system matter for both performance and accountability and for the relationship between performance and accountability. In Germany, the focus is on benefit reform and structural reforms. The analysis reveals unexpected and uncertain outcomes linked to path dependencies, resulting from the interaction between regimes of social protection and German federalism. Norway is characterized by a large structural reform, with the merger of two big and old welfare state administrations combined with the introduction of a mandatory partnership model between central and local government.

Both countries address the problem of structural design (Christensen et al. 2009). A major question is what should be organized together or decoupled, and the answer to this varies from country to country.

Germany goes for reorganization at central level and strong central steering of the local welfare administrations but ends up in a constitutional deadlock and a variegated and very complex system. As a result, an enterprise model of accountability has emerged with a strong management board that holds the different levels and units of the FEA accountable through a highly formalized target driven controlling system which is combined with individual incentives (pay for performance).

Norway represents the largest central merger of labor and insurance services and the introduction of a partnership model at local level, making it different and broader than the German case. However, even though, the term 'partnership' has played a great role in the reform rhetoric, this is not mirrored in the accountability relationships. The ministry in Norway is constantly struggling between an accountability approach at arm's length and immediate interfering because of reports of misconduct by the Auditor General or the media.

In both countries the comprehensive reform programs reflect broader international policy trends, but when implemented, actually indicate divergent practice rather than convergence on one model. Each country approaches the governance of welfare through their own hybrid mode of horizontal as well as vertical specialization, both at central and local level. Rather than a straight-forward replacement of the old welfare state administration in the different countries, we see a combination of old welfare administration, New Public Management features, and joined-up or post-NPM government measures co-existing and adding up to rather complex systems that have implication for both performance and accountability relations.

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