

# Performance and accountability – a theoretical discussion and an empirical assessment

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# **Performance and accountability – a theoretical discussion and an empirical assessment**

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## Preface

This paper is part of the project «Evaluation of the Nav-reform» and also the project «Reforming the Welfare State. Democracy, Accountability and Management», both funded by the Norwegian Research Council. The paper was presented at «An International Symposium on the Frontier of Performance Management: The Interplay of Theory and Practice». 2013 ASPA Annual Meeting, New Orleans, March 15–19.

## Abstract

This paper starts with a theoretical discussion on the relationship between performance and accountability in public organizations. Accountability theory, based in the work of Dubnick, Romzek, Bovens, Behn, Bouckaert, Halligan and Pollitt, 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? The second part of the paper focuses on performance in a large welfare administration in Norway that has been reformed and reorganized and discusses the experiences employees/civil servants have had of performance and accountability dynamics. We focus on the different effects of the reform, related to its main goals, and analyze their relevance for different kinds of accountability relations. The data used are document studies, interviews and survey data from a large evaluation project.

## Sammendrag

Dette notatet diskuterer forholdet mellom resultater og ansvar i offentlige organisasjoner. Ulike dimensjoner ved ansvar basert bl.a. på arbeidene til Dubnick, Romzek, Bovens, Behn, Halligan og Pollitt blir diskutert og knyttet til ulike sider ved ytelser og resultater. Sentrale spørsmål er hvor tvetydig relasjonen mellom ansvar og resultater er og om ulike ansvarsrelasjoner er knyttet til ulike typer resultater eller skaper spesielle utfordringer. Andre del av notatet fokuserer på ansvar og resultater i Nav-reformen og diskuterer hvilke erfaringer ansatte har med slike relasjoner. Det fokuseres på ulike effekter av reformen knyttet opp mot reformens hovedmål og hvordan disse kan relateres til ulike ansvarsdimensjoner. Datagrunnlaget er dokumentstudier, intervju og surveydata fra evalueringen av NAV-reformen.

## Introduction

During the last three decades reform of the public sector has been intense. Starting in the early 1980s New Public Management (NPM) reforms focused on institutional autonomy, learning from the private sector, and developing a leaner state, while post-NPM reforms, which began to emerge from the late 1990s onwards, reintroduced political control and coordination in order to counteract the effects of fragmented government. They also took a different approach to efficiency from NPM (Christensen and Lægreid 2007, Pollitt and Bouckaert 2011). 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 (Christensen and Lægreid 2011a). 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.

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 going beyond hierarchical accountability in hybrid political-administrative systems (Lægreid 2013). The first part of the paper will discuss reforms, accountability and performance in an analytical way based on the following questions:

- What tensions and dilemmas are there between accountability and administrative reforms?
- How ambiguous is the relationship between accountability and performance?
- How is the coupling between accountability and performance handled in NPM and post-NPM reforms?

The second part of the paper analyzes accountability and performance with reference to the largest public-sector reform ever conducted in Norway: the reform of the welfare administration. After a long, conflict-ridden reform process parliament decided in 2005 to merge the central agencies for employment and pensions into a new central welfare agency, represented on all governmental levels and to establish local one-stop shop welfare offices in every municipality in which the local branches of the new agency and the municipality-based social services would collaborate (Christensen, Fimreite and Lægreid 2007). The main aims of the new reform, implemented in the municipalities from 2006 through 2010, were to increase efficiency, get more people on benefits into the workforce and to establish a more user-friendly welfare service. The mergers were inspired by post-NPM while the performance management system contained elements of NPM. The questions covered in the analysis of the reform are the following:

- What are some of the main challenges and effects concerning accountability and performance in the reform?



- How do actors on different levels experience this relationship?

To answer these questions we use data from a large evaluation project of the welfare reform – comprising documents, interviews and surveys.

## A theoretical discussion

### Types of accountability, tensions and NPM

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 (Romzek and Dubnick 1987, Bovens 2007b). *Political accountability* is traditionally built on a chain of principal-agent relationships, i.e. voters delegate their sovereignty to popular representatives in 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 agreed 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.

Even though both theoretically and empirically we will mainly focus on the above mentioned types of accountability, other types should also be mentioned. Judicial accountability deals with questions of rule of law, rights and equal treatment, professional accountability relates to professional competence and norms, while social accountability is more connected to stake-holders in the environment, i.e. actors feel a moral obligation to justify their actions (Byrkjeflot, Christensen and Lægreid 2012).

There is a tension between political accountability and managerial accountability (Day and Klein 1987). Political accountability has the specific aim of making political leaders systematically responsive to popular wishes and involves dialogue and debate about what should be done (Goodin 1999). Managerial accountability is a more neutral, technical exercise involving book-keeping and evaluation of whether tasks are being performed efficiently and effectively. Under NPM, accountability is based on output, competition and contractual relations and thus represents a departure from the old public administration, where various forms of accountability were based on input processes and procedures, hierarchical control, legality and trust (Christensen and Lægreid 2002).

Under NPM politicians are supposed to be «chief executives» and assume a strategic role, formulating general goals and assessing results without being involved in single cases and day-to-day business and implementation (Pollitt and Bouckaert 2011). The question

arises of whether executive politicians are willing or able to adopt the role of strategic managers envisaged for them by NPM. For politicians, operating solely as strategic goal formulators is problematic. They often prefer to be involved in the details of implementation and in single cases (Christensen and Lægreid 2002).

Civil servants, on the other hand, 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). But often they tend to lose a sense of a unified public service, and increasing the distance between them and the political executive tends to reduce responsiveness and accountability (cf. Brunsson 1989). NPM reforms have generated a renewed tension between flexibility and political accountability. How to guarantee political accountability when politically sensitive questions are left to experts in autonomous agencies is a matter of concern.

NPM challenges the traditional principle of ministerial responsibility that focuses attention on elected officials assumed to be accountable for all that went on under their jurisdiction. Under NPM administrative executives are held more directly responsible for their performance and the work of their agency (Barberis 1998, Dubnick 2005). A major objective of NPM reforms is the improvement of public-sector performance through forms of accountability involving more direct connections between the providers and users of public services, which also relates to social accountability. The role of political accountability has been reduced and the exposure of the manager has been increased.

There is also a tension in NPM between the need for greater managerial discretion and autonomy on the one hand and the need for a greater degree of managerial accountability and control on the other. NPM focuses primarily on strengthening managerial accountability, which requires a clear assignment of responsibility for action, a clear statement of goals and a focus on results and performance in relation to outputs. Increasing devolution, fragmentation, «out-sourcing», marketization, and “business process engineering», all of which are prescribed by NPM reforms, will make a model of strictly hierarchical accountability from the top less easily applicable (Bovens 1998). Generally, managerial accountability works best in the least political, or politically salient, areas of public service.

There is also a trade-off between managerial accountability and increased effectiveness (Pollitt and Bouckaert 2011). When managers concentrate on specific output, they often tend to ignore outcomes and to stress efficiency rather than effectiveness. When managers focus on outcomes and effectiveness it is hard to hold them accountable, partly because of the problem of attributing outcome to actual behaviour and actions by individual organizations/leaders and partly because of difficulties of timing. Outcome is difficult to link to annual accountability assessment because it often manifests itself over extended time periods. Often accountability systems tend to favour output because it is easier to measure, easier to hold someone accountable for, and less costly to monitor. Thus NPM tends to focus excessively on output.

Although new interpretations of accountability have proliferated, older interpretations have not disappeared. NPM has had an impact on accountability, but bureaucratic policy-making in central government does not seem to be a forum where such features are particularly noticeable (Page 2010). Ministerial accountability is still a highly pervasive

medium of accountability, and politics tend to trump performance (Flinders 2001). Page (2006) reveals that overseers and supervisors now monitor compliance with fewer procedures and measure more outcomes. But beyond this generalization, sweeping claims about changes in accountability are impossible. Managerial accountability varies from one reform program to another and there is a complex mixture of political, legal, professional, hierarchical and market accountability. There is no consistent pattern of change across accountability relations.

## Dilemmas, hybridity and layering

What we see instead is the co-existence of different and partly contradictory interpretations of administrative accountability, i.e. an emerging hybridity, which creates potential dilemmas and contradictions for the individual civil servant. This is in line with the layering argument advanced by March and Olsen (1995: 174). Traditional *Rechtstaat* accountability relationships are still important but have now been supplemented by newer NPM accountability relations (Pierre and Rothstein 2010).

At the same time, partnerships and networks have made accountability relations more ambiguous (Olsen 2010). The NPM movement has pushed accountability downwards by holding out the promise of improved performance. In a study of five Dutch agencies Schillemans and Bovens (2011) focus on the benefits of accountability redundancies and argue that multiple accountability relations may be suitable for an increasingly pluralistic approach to governance. But there is also a danger that the existence of tangled accountability relationships in welfare reforms designed to enhance the contract networks of service providers will make it difficult to identify which agency or actor is responsible for which outcomes (Romzek 2011).

Such reform processes normally represent unstable, unsettled polities and unexpected situations that go beyond the more stable routine situations and business as usual (Olsen 2013). In such situations accountability processes affect the actual exercise and control of authority, power and responsibility, and the question of who shall have the right and capacity to call to account, to question and debate the information given and to face judgement and consequences becomes a more open one.

NPM has produced a more fragmented and autonomous public sector, which is accountable not only as a tool for elected political leaders. Public-sector organizations have been given increased discretion not only with regard to administrative and technical issues but 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 behaviour seldom reach the attention of political executives and citizens. This means that we have to go beyond the hierarchical principal-agent approach to accountability and allow more dynamic multi-dimensional accountability relationships.

## Performance and accountability

Various NPM initiatives were based on the assumption that enhanced accountability would improve performance. But the empirical evidence that this has happened is inconclusive

(Lægreid and Verhoest 2010), and evidence of whether performance measurement leads to better accountability is scarce (van Dooren, Bouckaert and Halligan 2010). The relationship between accountability and performance is characterized by tensions, ambiguities and contradictions, and more responsibility for performance does not lead to more accountability for performance (Bouckaert and Halligan 2008). Behn (2001) claims that there is an accountability dilemma and argues that performance audit tends to focus more on compliance than on performance and is biased towards hierarchy and punishment and hence tends to undermine public trust. Dubnick (2005) argues that the idea that accountability increases performance has been accepted without careful scrutiny and he claims that there is an «accountability paradox» in which more accountability actually diminishes organizational performance.

Van Thiel and Leeuw (2002) focus on unintended consequences of performance measurement often linked to minimal accountability requirements. They reveal a «performance paradox» implying a weak correlation between performance indicators and performance itself. One of the perverse effects of performance measurement is gaming (Hood 2006). Thus there is a tension between performance and accountability, and more accountability does not necessary produce better government (Bouckaert and Peters 2002). The tension between the requirements of accountability and those of effective executive action is a classical dilemma of public administration. Thus we cannot rely on the assumption that accountability improves performance. Rather than acting as a driver of improved performance, accountability tends to slow down improvements. In reform situations there is often disagreement about what constitutes improvement and for whose benefit improvements are made, which makes the relationship between performance and accountability even more blurred.

Rather than trying to resolve the question of whether or not accountability enhances performance, researchers should concentrate on determining under which circumstances different types of accountability can have an overall positive effect (Behn 2001) Accountability can involve both benefits and negative consequences. Steets (2010) distinguishes between three negative impacts: First, agents are often held accountable for adherence to multiple and sometimes contradictory standards. In such situations accountability demands can have a paralysing effect on organizations and produce «multiple accountabilities disorder» (Koppell 2005). Second, accountability mechanisms generate costs. Monitoring activities requires substantial efforts. Third, accountability can hamper flexibility, innovation and entrepreneurial behaviour. Generally, dysfunctional behavioural effects of performance measurement are caused by manipulation either of the measurement process or of the organizational output (Van Dooren, Bouckaert and Halligan 2010).

The NPM reforms emphasize performance and results. But the challenge is not only to permit public managers to produce better results but also to provide accountability to a democratic electorate. Pollitt (2011) examines critically the contested proposition that performance management systems will improve agency accountability to citizens and political representatives. Using two case studies – the UK's National Health Service and the World Bank's World Governance Indicators – he concludes that the measurement of performance has not enhanced political accountability. But some researchers also reject

the assumption that accountability necessarily has either positive or negative consequences. Aucoin and Heintzman (2000) claim that improving accountability arrangements does not necessarily improve performance, but the proposition that performance can improve in the absence of improved accountability cannot be sustained. Accountability is seen as a tool to strengthen a government's learning capacity. Increased horizontal accountability of executive agencies might increase organizational learning but not democratic control (Schillemans 2011).

Another study by Radin (2011) examines the Government Performance and Result Act and the Program Assessment Rating Tool in the USA. She argues that these two major efforts to apply performance measurements in US federal agencies focus almost exclusively on bureaucratic accountability and fail to address the complexity of the American political system. She claims that if promises of accountability are to be fulfilled then accountability mechanisms need to be adapted to the complex political environment in which they are expected to operate.

## The ambiguity of accountability under NPM

Accountability is not inconsistent with administrative reform; neither entrepreneurial behaviour nor increased discretion for professional managers needs to result in diminished accountability. Rather than asking whether government officials are more accountable or less after NPM reforms, one should focus on what kind of accountability the participants perceive as appropriate (Romzek 2000). Emphasizing outcomes and outputs at the expense of input and processes does not necessarily mean more or less accountability. Rather it means that different accountability relationships should be addressed. Accountability in a multi-functional public sector means to be responsible for the achievement of multiple and often ambiguous objectives.

The emergence of NPM reforms thus seems to have made accountability a more ambiguous and complex issue (Thomas 1998). By highlighting the importance of people as consumers and playing down their role as citizens NPM has introduced the dual accountability of civil servants to politicians and consumers. The role of political leaders is also ambiguous under NPM: elected officials have a role as strategists in defining the long-term goals of the public sector and assessing the results, but at the same time they are expected to give considerable discretion to operative agencies. NPM reforms have led to a fragmentation of the public sector, and the acceptance of political responsibility by ministers has been attenuated and undermined political accountability (Christensen and Lægreid 2001).

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). Regarding the standards of accountability, it is important to realize that the objectives, norms and roles of public governance are different from those of the private sector (Allison 1983). What distinguishes public governance from private-sector management is its accountability for a unique set of public missions and norms such as representation, equality, equity, fairness, impartiality, integrity, justice, and citizenship. There is also a need to re-examine the tendency to view citizens as customers because the concept of customer as used in the marketplace is devoid of the entitlements or rights associated with citizenship (Aberbach and Christensen 2003).

## Post-NPM and accountability

Over the past decade this 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 2007). The result is increased complexity and the development of hybrid organizational forms. In a multi-functional public sector goals are often conflicting and imprecise. 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). Autonomization produced problems of political accountability since arm's length agencies were harder for ministers to control, yet in most cases if they did unpopular things, it was still the minister who got the blame from the media and the public (cf. Brunsson 1989). This was one reason why joined-up and whole-of-government initiatives were launched.

A managerial concept of democracy might weaken civic responsibility, engagement and political equality and enhance the role of administrators and managers (Christensen and Lægreid 2002). Post-NPM reform measures are supposed to handle some of these challenges by moving the reforms away from output democracy and aggregative political processes and toward a greater emphasis on input democracy and integrative political processes. A new generation of post-NPM reforms more concerned with central political capacity, coordination and how public administration can be made more politically accountable has emerged (Christensen and Lægreid 2007). And tendencies toward re-bureaucratization have generated a new interest in administrative and political accountability (Olsen 2010).

One challenge facing civil service systems in the second generation of reform is balancing the demand for flexibility and accountability. A main concern arising from agencification and regulatory reforms is how to make agencies independent and at the same time accountable—upwards to politicians, horizontally to other agencies, and downwards to consumers and regulatees (Scott 2000). The autonomy of regulatory agencies from government may lead to agency capture, creating problems of democratic accountability and to accountability deficit.

The question of accountability is also closely related to power relations. Increased agencification often means transferring power from political executives to managers, and technocrats are emerging as highly influential bureaucrats enjoying broad institutional autonomy. One observation is that power relations seem to be changing faster than accountability relations (Christensen and Læg Reid 2002). The political leadership often finds itself in situations where it has responsibility without the corresponding power and control (cf. Brunsson 1989). Conversely, many of the autonomous agencies may gain more power without necessarily becoming more accountable. 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).

## The Norwegian case: reforming the welfare administration

### The reform process and reform content

Over a long period of time the welfare administration on different levels in Norway was very fragmented. Finally, in 2001 the parties in parliament decided on an initiative urging the government to try to merge the welfare administrative units in one way or another. The central political and administrative leadership was not particularly interested in fulfilling such a demand, but was eventually pressured to do so in 2004–2005 (Christensen, Fimreite and Læg Reid 2007). The breakthrough came as a result of a new ministerial construction, whereby responsibility for all the welfare services would be gathered in one ministry and a new minister would enact political entrepreneurship in collaboration with parliament. The new welfare administrative solution was a compromise, since a complete merger, meaning either all welfare services coming under central government or the municipalities, was not politically feasible.

The reform, which affected 16000 employees and one-third of the entire governmental budget, was the largest ever in Norway. The new structure decided on in 2005 and implemented locally through 2010 built on the three aims of efficiency, fewer people on benefits and more user-friendliness and consisted of two structural elements. First, it implied a merger of the two up until then independent agencies for employment and pensions into a new welfare agency (NAV). Second, it was also decided that a new local frontline service should be organized, resulting from a new partnership between the new NAV agency and the locally based social services. The welfare offices were set up in all municipalities, as co-located services in one-stop shops.

This reform incorporated central elements from both NPM and post-NPM (Christensen and Læg Reid 2011). Two of the three main goals of the reform are connected to NPM, namely increased efficiency and increased user-friendliness. The idea of the merger and local partnerships was to achieve economies of scale, while the new local partnership and the 'one-door policy' was designed to increase user-friendliness; this was also related to the third goal of getting more people into the workforce, particularly the multi-service users. The new organization is also equipped with a performance management system – a typical

NPM tool. The main background to the whole reform was, however, to introduce more coordination mechanisms into a fragmented structure—a typical feature of post-NPM. This was the largest sectoral merger ever to have taken place in the Norwegian central administration, so the holistic and integrating aspect of the reform was certainly central.

In 2008, during its implementation locally, the reform was reorganized in two ways, strengthening the regional level. Six regional pension units and thirty-seven administrative service units were established on the county level, implying moving quite a few resources from the local to the regional level (Askim et al. 2010). It was argued that this reorganization would strengthen efficiency, create larger milieus of competence and increase the quality of services and rights for users. A «one door policy» was replaced by a «three channel strategy», which made more intensive use of call centers and the internet, in addition to face-to-face contacts.

## Changing accountability relationships

In a study of the effects on accountability of the welfare administrative reform, a distinction is made between formal and actual change in accountability relationships (Table 1) (Byrkjeflot, Christensen and Lægreid 2012). Concerning political accountability there are two aspects involved, one related to ministerial accountability and one related to local self-government. Concerning the former no formal changes have been made in our case, but in reality the new welfare agency has gained more influence because of its increased resources and the increased complexity of its structure and activities, which makes it more problematic for the executive politicians to control and to keep themselves informed. The mandatory local welfare offices imply a change in and limitation of local self-government, and even though these offices imply that more central resources will potentially be made available to solve local problems, the overall feature is that the central government is the dominant partner in the local partnership.



**Table 1:** *Formal and actual accountability changes as a result of the welfare administration reform.*

	Formal changes in accountability	Actual changes in accountability	Reported problems in field
Political accountability – the principle of ministerial responsibility	No	Yes, NAV agency more influential	Agency large and complex. Ministry lacks information and insight. More grey zones in political-administrative dimension. Storting/Parliament more active.
Political accountability – the principle of local self-government	Yes, mandatory partnership agreements	The central government has a strong position in the relationship.	Difficult to fulfill the idea of equal partners. Squeezes local self-government
Administrative accountability	Overall no, but more scrutiny from the Office of the Auditor General	More resources for control and bureaucratization of control systems	Increasingly complex control systems. Problems of goal-focus, quality and responsibility
Legal accountability	No	Yes, more rule of law and equal treatment	Knowledge of clients' rights, quality of information and case handling.
Professional accountability	Yes, merger of three agencies and professional communities.	Yes, pressure to merge three professional cultures.	Challenges of collaboration between three professional cultures and developing a new identity
Social accountability	Yes, for clients and patients. No, for societal relationships	Yes, better for some clients. Yes, societal connections weakened.	Better for multi-service clients, more ambiguous effects for one-service clients. More focus on client needs.

Source: Byrkjeflot, Christensen and Læg Reid (2012), page 50.

The overall features of administrative accountability have not been changed by the reform, but in reality the Office of the Auditor General uses more resources to control the new agency and internally more resources are used on control. This is related to a more developed and extended performance management system linked to managerial accountability, described below.

Concerning legal accountability there have been no formal changes, but in reality the reform and its reorganizations seem to have improved the rule of law and equal treatment. Professional accountability has changed formally through the central merger and the local collaboration among three historically independent professional cultures. In reality it is very challenging to create a new professional culture or identity. The tensions involved in doing so are also shown in the simple fact that a new common training system for the new organization has yet to be developed.

Social responsibility for clients/users has changed overall because of the new structure, while the reality is rather differentiated, meaning that multi-service clients seem to be better off because of increased coordination, while single users are less focused. Broader societal relationships have not formally changed, but in reality they have been weakened, because client groups, media and other stake-holders have been increasingly sceptical and critical towards the new structure, meaning that the new organization has not been able to secure increased trust and support in the environment.

The welfare administration reform introduced the partnership model, which was supposed to solve the tension between ministerial accountability and local self-government. The main focus was on political accountability and how to live with

accountability to local politicians in the municipalities and to politicians at the central government level. It also, however, had side effects on legal and professional accountability and it turned out to be difficult to practice the partnership model because it tended to make accountability relations more ambiguous. Who should be held accountable for the conduct of complex public organizations where the problem of «many eyes» is highly relevant? Moreover, are executive politicians willing or able to adopt the role of strategic managers envisaged for them?

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 agency and its subordinate levels. The political leadership has also become passive towards the NAV agency, partly to avoid blame. At the same time, as the provider of the majority of services and resources in local partnership offices, the central level has strengthened its influence vis-à-vis the local political level (Byrkjeflot, Christensen and Læg Reid 2012).

The changes in administrative accountability reflect how different actors have enacted their roles since the reform, particularly with respect to control. The Storting has pressured the political executive to act on control, the Office of the Auditor General has put a lot of effort into controlling the activities of the NAV agency and there has been an increasing internal focus on control in the NAV agency. All this adds up to a complex system of administrative accountability.

After the reorganization of the reform, including the establishment of regional back-offices, role enactment was geared more towards ensuring rule of law and equal treatment, which changed judicial accountability in reality. This was also promoted by larger units, larger professional milieus and better quality case-work. Role enactment is also important for certain aspects of the weakening of social accountability. In the welfare administration reform employees' and users' organizations together with the media and the Storting focused on problems with single cases, which led to a mismatch with the more systemic features of the NAV agency. The merger of three professional cultures into one has affected professional accountability (Byrkjeflot, Christensen and Læg Reid 2012).

## The structure and working of the overall performance management system

The performance management system can be seen both from the central level and the local level. We start by outlining the formal frameworks of the system, followed by a description of how the system works between the Ministry of Labour (MoL) and the NAV agency. Then we report results from the local level and how central actors there experience the system.

The Norwegian model of Management by Objectives (MBO) has as a formal framework a set of rules of economy steering decided by the Ministry of Finance (Breivik 2010). This set of rules does not provide an unambiguous ideal model, but will potentially have discretion and variety inside the frames. Læg Reid, Roness and Rubecksen (2008) see the performance management model as 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. Second, formulating result indicators and steering parameters that are stable, specific and operationalized, thus providing unambiguous criteria for judging goal attainment. Third, reporting on activities and results connected to the result indicators and steering parameters, including quantitative indicators and evaluation of output (activities) and outcomes (effects). Fourth, using reported results for learning and further performance steering, which is connected to an incentive system.

The so-called «steering dialogue» between the 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 intent/supplementing letter with instructions, minutes from various meetings, and contacts between leaders.<sup>1</sup> The overall impression in a study of the actual working of this system in the period 2006–2009 is that it is an administrative process in which the political leadership in the ministry is rather little involved, although it does have access to major information (Breivik 2010).

The yearly letter of intent is decided on during a rather complex process of consultation between and within levels, without much conflict. The main goals, sub-goals, result indicators and result information are rather complex. The focus is overall more on output, activities, means and measures than on outcomes, and with respect to focus is more 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). The problem of traceability is connected to an alleged lack of coupling between the budget proposal and the different letters of intent, 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.

The agency is increasingly measuring information that is far more detailed than the ministry needs. 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.

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<sup>1</sup> There is more than one ministry involved in the steering dialogue with the NAV agency, but we focus on the main ministry here, the MoL. There are also several divisions inside MoL involved in the steering, but again we concentrate on the main one.

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 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).

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, some of whose objectives are supposed to be defined by local elected bodies rather than by central government agencies.

## Performance and accountability locally

How are the performance indicators from the central government assessed by managers at the local NAV offices? A survey of the first 57 NAV offices (response rate 72 percent) conducted up to the end of 2008 shows that a large majority (80 percent) report that the central government's performance indicators are to some or a great extent useful in their daily work (Alm Andreassen, Legard and Lie 2011). This is a reflection of both control from above, but also that performance indicators help to structure their daily work locally. At the same time, however, 61 percent of the local managers 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. 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.

What is the relationship between accountability and performance at local level? The local one-stop shops are hybrid organizations that are politically accountable both to local government represented by the mayor and to central government (the minister), and managerially accountable to the local administrative executive as well as to the central government executives in the central agency. We will describe accountability relations as seen from the local government side, both political accountability, represented by the mayor, and managerial accountability represented by the municipal chief executive officer (CEO). In 2011 a web survey was conducted of political and administrative executives in Norwegian municipalities. The total response rate was 44.4 percent. 51.2 percent of the municipal chief administrative officers answered and 37.7 percent of the mayors (Aars 2011).

The survey reveals that half of the political and administrative executives report that the political executives in the municipalities feel little accountability for what happens at the local NAV office, which may be a reflection of the bias in power relations (Table 2). When it comes to ambiguity of accountability relations, one third of the mayors report that the municipal accountability to the NAV office is clarified only to a small extent. The CEOs, however, report a significantly lower level of ambiguity than the mayors (Pearson  $r$ :  $-.26$ , sign at  $.000$  level). There is also a significant positive relationship between political

accountability and the ambiguity of accountability at the local level (Pearson  $r$ : .38, sign .000). These findings indicate that the political executives at the local level are not very involved in the reform (Aars 2011, Fimreite 2011). The local politicians seem to have abdicated and left the management of the local NAV office to the administration. Ambiguous accountability at local level is also linked to lack of collaboration between central and local government and a feeling that central government is the dominant partner in the relationship (Aars 2011).

**Table 2:** *Mayors' and CEOs' assessment of accountability relations. Percentage that agree with the assertions*

	Mayors	CEO	Total
<i>Political accountability:</i> »The political executives at the municipal level feel little accountability for what happens at the local NAV office«	49	51	50
<i>Ambiguity:</i> «The municipal accountability of the local NAV office is clarified only to a small extent»	34	17	24
N	155	210	365

What is the relationship between accountability and performance? We asked the respondents to assess the performance of the local NAV office in relation to the three main goals of the reform: «To what degree do you think the local NAV office has contributed to fulfilling the following goals in your municipality»: a) a more efficient labour and welfare administration; b) more people in work, fewer on benefits; and c) services customized to users' requirements.<sup>2</sup>

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<sup>2</sup> The values were from 1 (To a very little degree) to 5 (To a very strong degree).

The bivariate analyses (Table 3) show that:

- there is a significant negative relationship between accountability ambiguity and performance along all three indicators of performance.
- there is no significant relationship between political accountability and performance.

**Table 3:** Relationship between accountability and performance. Pearson *r*.

	Efficiency	More users into work	Better service for the users
Ambiguous accountability relations at local level	-.17**	-.17**	-.17**
Weak political accountability at the local level	-.09	-.08	-.09

\*\* : Significant at .01 level.

A multivariate analysis (Table 4) shows that these relationships are the same for both mayors and CEOs and that there is no significant effect of position.

**Table 4:** Summary of regression analysis by ambiguous accountability, political accountability and position affecting performance (standardized beta coefficients, linear regression).

	Efficiency	More users into work	Better service for the users
Ambiguous accountability at local level	-.12*	-.15**	-.14*
Weak political accountability	-.09	-.03	-.04
Position	.06	.05	.06
R2	.03	.03	.03
Adjusted R2	.02	.02	.02
F Statistics	3.906	3.949	3.869
Significance of F	.009	.009	.010

\*: Significant at .05-level; \*\*: Significant at .01-level

These findings support the claims that the relationship between accountability and performance is inconclusive, contested and ambiguous. More accountability does not necessarily improve performance. Even if the performance indicators might be useful for local managers to structure their work, they also seem to divert their attention away from local tasks that should be prioritized if the overall goals of the reform are to be fulfilled. Political accountability at local level seems to be under pressure and there is a lot of ambiguity regarding how the reform affects accountability of local government. This is especially a problem for mayors. Ambiguous accountability relations seem to have a negative impact on performance. However, both the political and administrative executives see no links between weak political accountability at local level and performance according to the overall goals of the reform.

## Discussion and conclusion

In this paper we have, based on existing literature, revealed that the accountability concept is multi-dimensional and that the relationship between administrative reform and accountability is ambiguous and contested. There is no straightforward coupling between accountability and performance. The relationship is characterized by tensions, dilemmas and trade-offs. The specific reform that we are examining has changed the trade-offs between different accountability relations, both formally and actually. Some of the main challenges in the specific reform are linked to the ambiguity of the performance management system and how it is applied to different tasks. The interface between local and central government produces difficult challenges for the performance management system. Even if local managers feel that performance indicators are useful, they also report that performance indicators divert their attention away from some main tasks related to the overall objectives of the reform. We have also shown that both political and administrative executives at the local level report that political accountability is under pressure and that mayors also experience ambiguity related to the municipal accountability for the new one-stop shops. Added to this, the relationship between accountability and performance is contested. Both political and administrative executives in the municipalities report that ambiguous accountability at the local level tends to decrease perceived performance on all main objectives of the reform. Lack of political accountability at the local level has, however, no effect on perceived performance.

We are facing compound welfare state reforms where accountability is to different forums and where the relationship between accountability and performance is blurred. Instead of choosing between different accountability mechanisms we have to treat them as supplementary and complementary in a mixed political order that combines and blends different modes of governance (Olsen 2010). We have revealed a multiple accountability regime in which the different accountability mechanisms do not substitute for each other (Schillemans 2008) but are redundant rather than segregated (Scott 2000). A new accountability regime with more complex, dynamic and layered accountability forms is emerging. A key challenge is how to handle hybrid accountability relations embedded in partly competing institutional logics. It is often claimed that such different conceptions of accountability might undermine performance and organizational effectiveness. But that might not always be the case (Schillemans and Bovens 2011). Multiple accountabilities may be appropriate solutions for an increasingly pluralistic governance system. Accountability is about managing diverse and partly conflicting expectations (Romzek and Dubnick 1987).

In a liquid state with a fluid, complex, flexible, semi-autonomous and fragmented multi-level governance polity one has to go beyond the traditional forms of political accountability to close the 'accountability gap' that has emerged in the aftermath of the NPM reforms (Flinders 2012). We have to rethink democratic accountability in ways that resonate with the new reality of modern governance systems.

There are mutual relationships between accountability, administrative reforms and performance. Reform processes represent unsettled, dynamic and unexpected situations. Often the reform agents have limited power and also weak means-end knowledge

regarding the impact of the reforms on performance. This implies that reforms may affect accountability relations but also that different accountability relations may influence the performance of reforms. Thus we need to study the dynamic relationships between reforms, performance and accountability and how multiple and hybrid accountability relations interact and change over time. In other words, a multi-dimensional accountability approach is needed to handle accountability in a pluralistic political-administrative system.

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