

Resisting Governmental Control

How Agencies Use Strategic Resources to Challenge State Coordination

Master Thesis

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Abstract

Institutional pressure provoked by public sector reform leads to strategic reactions from agencies. Several agencies in the Netherlands and France only complied with a selection of imposed reforms. Other rules were manipulated, not complied with, or compromises were made. In case of disagreement between government and agency, the most effective resource for governments to reform is a parliamentary majority. Manipulation was found to be an effective strategy employed by agencies to serve their goals. Although greater government influence on agencies was expected in centralist France than in the Netherlands, not many differences were observed; in both countries, the same strategies are employed by agencies in the public sector.

Background

Is it possible for governments to reform, restructure or otherwise influence the agencies they have created? Programs to retake control, better coordinate or improve power over agencies are based on the assumption that governments are able to influence their agencies. In empirical studies, the central state is still found to be in control to a large extent, but it is unclear how mechanisms of influence work (Yesilkagit and Van Thiel 2008). Possible government influences and their mechanisms will be investigated in this study.

In the Netherlands, a framework law on agencies was introduced from 2006 on (*Kaderwet zbo's*, hereafter: KZBO). Agencies in France were submitted to a reform package in 2010 (*Révision Générale des Politiques Publiques*, hereafter: RGPP). The goal of this study is to explain reactions of managers and organizations in agencies, following the introduction of the KZBO in the Netherlands and the RGPP in France. The main question this study seeks to answer is: What reactions from agencies have been provoked by the introduction of the KZBO in the Netherlands and the RGPP in France, and how can these reactions be explained? This question will be answered employing and extending the model explaining institutional antecedents and strategic responses developed by Oliver (1991). The study shows that several agencies only complied with a selection of the proposed reforms. For other parts of the reforms compromises were made or rules were manipulated or not complied with.

The first section of this article includes an explanation of the theoretical framework that has been used to test agencies' reactions. The factors that were identified in the conceptual model will be used to analyse and compare the two reforms. These two cases will be discussed in the second section. There, several specific expectations are presented, based on the proposed theory and the reforms. In the third section, these expectations are tested in four agencies, two in each country. In the last section I will draw several conclusions and discuss an extension of the existing theory.

Agency's Responses

There is no universal definition of an agency. When searching for a definition, a lot of variation is found in and among different countries. In general, three key features dominate the literature (Talbot 2004). Agencies (i) are structurally disaggregated from a ministry, (ii) carry out public tasks and (iii) operate under contractual conditions. As a consequence of disaggregation, they possess managerial autonomy to shape their own organization structure and determine personnel and financial matters. Other features of autonomy depend on the legal conditions and politico-administrative traditions of a country. Consequently, there is no single form of agencies; internationally, many different kinds and types have been set up (see e.g. Ongaro 2009; Pollitt & Talbot 2004; Christensen & Laegreid 2003; OECD 2002). It is acknowledged that even within countries, functional and legal variation exists. The agencies that are considered here are all public bodies; ministerial responsibility is reduced or absent for individual decisions made by the agency and they possess some financial autonomy (Allix & Van Thiel 2005; Greve, Flinders & Van Thiel 1999). In the Netherlands, they are *zelfstandige bestuursorganen* (ZBOs) and in France they are *établissements publics* (EPs).

The question how much discretionary room organizations have to respond to external pressure has been of interest to many researchers (Goodstein 1994; Hannan & Freeman 1977). In organizational practice as well as in the scientific literature until the 1990s, either the importance of institutions or the role of individual agency and strategic action has often been stressed. The idea is that these two perspectives are complementary (Oliver 1991; Dimaggio 1988) should therefore now also be applied to agencies in the public sector.

Institutional theory is well capable of explaining influence on individual preferences, such as legal coercion or when certain norms are considered to be obvious or natural (Ashworth, Boyne & Delbridge 2007; Scott 1995; DiMaggio & Powell 1983). Steering agencies is deeply embedded in a national context (Guyomarch 1999). Previous responses could form a pattern as well; prior interaction can routinely be copied and thereby become an institution (Reid & Toffel 2009). Resource dependence theory can, on the other hand, help to explain why newly proposed rules are not mechanically acquired in any organization (Pfeffer & Salancik 1978). Individual, strategic choices can often bring forward additional explanatory value (Child 1972).

Oliver (1991) insightfully tried to bridge the gap between the two mentioned bodies of literature, and to explain organizational behavior. In the present study, her insights were applied to agencies. Interests between government and agencies can be different, triggering strategic responses to institutional change. In theory as well as empirically, it is hard, if not impossible to distinguish institutions as resources from other resources (Alexander 1996). Institutions can serve as strategic instruments as well as technical resources can. It might thus even be undesirable to clearly distinguish between these two streams of theory.

Oliver's theory (1991), raises the possibility that an explanation of organizational responses to their changing environment may be found in institutional pressure as well as in individual agency. A conceptual model explaining the different steps from rule introduction to actual change is proposed in figure 1. An organizational response is triggered when a new rule is introduced (institutional pressure). The response is dependent on both the nature of the pressure and the preferences of an agency. The importance of preferences of an organization in the response is determined by the strategic resources at the agency's disposition. The possession of certain strategic resources, such as a monopoly on the service delivered, leads to a greater leverage for the preferences, while the absence of strategic resources will hamper their expression. The organizational response that results from this interplay eventually shapes the actual change that consequently will be achieved. The elements from this conceptual framework will guide the following sections of the article.

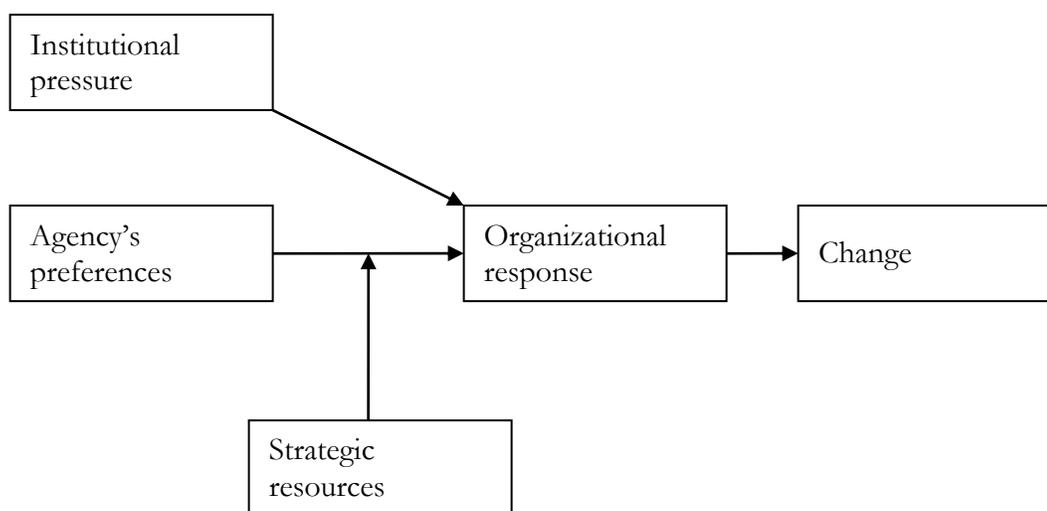


FIGURE 1 *Conceptual framework*

Based on a combination of institutional and resource dependence theories, Oliver (1991) developed a model to predict organizational strategic responses to environmental change. She identified a spectrum of five explanatory factors for strategic responses, mentioned in table 1. Based on these factors, a strategic response to the introduction of a rule is given by an organization involved. These reactions lead to organizational change, which can be categorized into four variations: *compliance*, *compromise*, *non-compliance* or *manipulation*. On the basis of these factors, she has formulated some general hypotheses only including compliance and non-compliance, mentioned in table 1. These factors will be used as a theoretical lens to describe and analyse agencies' responses to the RGPP and KZBO.

TABLE 1 *Predictive factors and general hypotheses*

Predictive Factor	Operationalization	General hypotheses
Cause	Legitimacy	High Legitimacy → compliance
Constituents	Who exerts pressure on the organization	Multiplicity → non-compliance Dependence on constituent → compliance
Content	What requirements to meet for compliance	Consistency with existing structures → compliance
Control	How pressure is exerted	Legal coercion → compliance
Context	Organizational environment	Uncertainty in environment → compliance

Source: Oliver (1991).

The causes, or purposes, of institutional pressures are operationalized as their legitimacy. Legitimacy can be understood as the perception that actions are desirable in their particular institutional system (Suchman 1995). When legitimacy of the proposed change is high, an organization will probably acquire or adopt the change. However, when the legitimacy is low, non-compliance, compromises, or manipulation are expected responses. Legitimacy can be approached from a resource dependence as well as from an institutional perspective (Suchman 1995; Elsbach 1994). Oliver (1991) strictly stuck to *institutional* antecedents as predictions. In that perspective, an organization employs legitimation in a purposeful and calculated manner. In a resource dependence perspective the question is whether actions fit appropriately in their socially constructed environment (cf. Suchman 1995). The legitimacy of RGPP and KZBO will thus be approached from two sides in the following sections (cf. Alexander 1996).

The second factor that is expected to be of influence on an agency's reaction to the reform programs are the constituents. The actors that exert influence can be evaluated from an institutional perspective, where the nature of the actor is important. For example, in many cases a minister's command is self-evidently obeyed; the compliance to a certain constituent is then institutionalized (Reid & Toffel 2009). From a resource dependence point of view, possession of resources determines the response strategy of agencies. Frooman (1999) points out that these resources determine the strategy that can be followed for reciprocal influence. This is relevant in a relation between ministry and agency, where often the ministry determines the budget, but where the agency is responsible for timely and correct public service delivery. Dependence can therefore lead to compliance (cf. Oliver 1991), but constituents can experience dependence as well, which could favor a compromise, non-compliance or manipulation.

Content is operationalized as the consistency with existing practices as experienced by the actors. It is mostly an institutional explanation for behavior; changing existing patterns leads to high costs (Pierson 2000). Therefore, the chances of compliance are expected to increase when existing patterns are maintained.

Control can also be seen from an institutional perspective; agencies behave as they should because they are forced to do so (cf. DiMaggio & Powell 1983). The introduction of performance contracts with penalties can serve as an example; agencies can purposefully weigh their interest in attaining a target given a reward or penalty. In line with Oliver (1991), a tendency to compliance is expected when legal coercion is possible and when consistency with common practice is high.

Finally, the context in which an agency operates is a factor that influences strategic reactions (Johns 2006). An important contextual factor is the relation between agency and its parent ministry. Uncertainty about survival or other disturbances in an agency's environment can have a negative effect on the mechanisms that guide reactions. Avoiding negotiation over imposed rules renders an organization more invisible and therefore less vulnerable to organizational death (cf. Oliver 1991; Meyer *et al.* 1983). Therefore, more compliance can be expected the more uncertain the organizational context.

Method and Case Selection

The dependent variable is an agency's reaction to the changing environment. This reaction can consist of various actions or the absence thereof. The level at which actions take place, is the managerial level; strategic responses from organizational leaders are important. The time span covered in this research is around three years, from 2008 up to and including 2010, so that both laws' anticipation and implementation phases can be included.

Because this approach is new and unexplored in agencies, and not all important variables are known yet, a case study design is considered appropriate (Yin 2009). A selection of comparable research objects was made in the Netherlands and in France. The two cases studied are the introduction of KZBO and RGPP. These pieces of legislation are analysed in two agencies per country. The selected agencies can be categorized as *ZBO* or the comparable *EP* (Allix & Van Thiel 2005). Furthermore, a selection of agencies that operate in a comparable environment in both countries was made. Surprisingly, only very few similar services are executed by agencies when compared between the two countries. The pattern of agencification in these two countries seems to be highly divergent (cf. Bouckaert, Peters &

Verhoest 2010). Two of the few policy areas where services are organized into agencies are immigration and scientific research, therefore, these fields were selected. In the Netherlands these are the Netherlands Organization for Scientific Research (NWO) and the Central Agency for the Reception of Asylum Seekers (COA). In France these are the French National Research Agency (ANR) and the French Agency for the Protection of Asylum Seekers and Stateless (OFPRA).

NWO funds researchers at universities and institutes. It supports scientific research by means of subsidies and research programs. NWO has an annual budget of around 650 million euros (NWO 2010). The ANR is their French counterpart, which spends about 820 million euros annually (ANR 2010). COA is responsible for asylum seekers reception in the Netherlands. They provide accommodation for asylum seekers and prepare them for a stay, a return to their country of origin, or transmigration. They house about 20,000 people and have an annual budget of 500 million euros (COA 2010). OFPRA handles asylum requests and protects refugees. They process about 40,000 demands annually and have a budget of about 32 million euros in 2010 (OFPRA 2011). The budget difference between COA and OFPRA can be explained by the difference in their tasks.

Data is collected through document analysis and 27 semi-structured interviews with stakeholders and experts. Documents that were analysed include official documents on the KZBO and RGPP, governmental and parliamentary reports and publications by courts of audit. Documents include officially published documents by the agencies and ministries, including annual reports. People interviewed were experts in the field or involved as stakeholder. Expert interviews were mainly used to draw a picture of the cases that have been studied. Stakeholder interviews took place to explain the organizational responses and changes. Interviews were conducted in different languages. Most interviews in France were conducted in French; all interviews in the Netherlands were conducted in Dutch. In two cases, the French civil servants were bilingual and we chose to speak in English. All English quotes in this paper are translated by the author.

Analysing Institutional Pressure: KZBO and RGPP

In this section, the newly introduced reforms will be analysed considering their cause, the constituents, content, and control mechanisms. Based on this description and on the general hypotheses in the first part, several expectations are formulated in the last part of the section. The specific context in which the reform is introduced to the agencies is discussed in the following part.

The general institutional context in the two countries is expected to account for different mechanisms as well. Traditionally, France is known as a centralist or Napoleonic country, with strong presidential power (Cole 2008; Pollitt & Bouckaert 2004). Therefore, the country can be considered majoritarian. In contrast, the Netherlands are typically considered consensualist (Kickert 2003; Lijphart 1995). Pollitt (2006) claims that majoritarian countries can introduce public sector change more easily than consensualist countries. Therefore, higher influence on executive agencies is expected in France than in the Netherlands.

KZBO

Cause

The Dutch political need for structuring agencies and clarifying the ministerial responsibility came in waves. In 1995, parliament accepted a resolution to issue a framework law on agencies after a critical report by the Netherlands Court of Audit (ARK 1995). Only after years of lengthy negotiations, in 2002, a law was approved in the Dutch Second Chamber (De Kruijff, 2011). The First Chamber postponed its approval until after a government-wide study into agencies (Van Thiel 2008). This study, conducted by a commission presided over by former Secretary of State Jacob Kohnstamm, led to a very critical report. This report legitimated a law on agencies politically and created a policy window. Parliament was in favor of the recommendations and wanted the law. Ministers and ministries were less in favor of a law that would explicitly mark the limits of ministerial responsibility, while they would lose the option to hide themselves from critique behind agency autonomy (Van Meerkerk 2009).

The social legitimacy for better coordination of agencies changed as well. While public opinion favored decentralization in the 1980s and 1990s, this changed rapidly around the turn of the century (Smullen 2010). Newspapers illustrate the changing social legitimacy for agencification. From the 2000 until 2004, most Dutch media took a very skeptical perspective toward agencies. This slightly changed in 2004, when for example a series of more qualified articles were published in the NRC, one of the country's leading newspapers. Social legitimacy has thus changed, although not radically.

Constituents

The KZBO defines certain criteria for an agency to fall within its scope. The agency will, however, need an explicit reference to the KZBO in the law that creates the agency, before the KZBO is applicable (Explanatory Memorandum KZBO 2000). This implies that before agencies fall within the scope of the KZBO, the law that facilitates their establishment has to be adapted. The minister of the Interior is the 'guardian' of the KZBO. All adaptations of these establishment laws as well as those for new agencies require his signature before they can come into existence. The minister of the Interior is together with the parent minister of an agency the most important actor in the process. Besides, the minister of Finance has played an important, but focused, role in the creation of the KZBO. They had an interest in a clearly defined budgetary framework for agencies, for which the KZBO would be a suitable instrument. For the ministry of Finance, it was especially important to receive budget reports on time for inclusion in the yearly accounts. Some of the people that were interviewed stated off the record that the draft report was adapted by the minister of Finance himself, to emphasize the need for budgetary control.

Several of the bigger agencies have united themselves in a so-called charter group since 2000. Together, they aim for good governance through horizontal accountability (Schillemans 2007). The time of creation is perhaps not coincidentally the same time as when the law was sent to parliament. This charter group seems to have tried to prevent the KZBO from being introduced in general, although this is not officially confirmed. They preferred horizontal accountability to their stakeholders as more important than to their ministry. The law was nevertheless introduced.

Content

In general, the KZBO has four main goals: to structure the large amount of individual arrangements; to clarify ministerial responsibility; to clarify financial control; and to enhance transparency in the number and functioning of agencies. (Support team KZBO 2007, p. 20; Explanatory Memorandum KZBO 2000, pp. 4-5). These points should facilitate and improve political control by parliament. In the establishment laws for individual agencies, exceptions to parts of the KZBO are possible. The ministry of the Interior has published a register with agencies (www.zbo-register.nl, last visited 23-6-2011). In this register, 118 agencies (or clustered agencies) are counted. The KZBO is applicable to 31 agencies (26%). For 35 (30%) of them, the introduction of KZBO is being prepared. For 49 (42%) the KZBO is not applicable and for 6 it is unknown.

From those agencies, where the KZBO is applicable or in preparation, 29 (44%) have one or more exceptions. Most exceptions derive from article 22 (18 cases). This article states that the parent minister has the competence to cancel an individual agency decision. Under article 15, there are 9 exceptions. This article states that an agency's staff is employed following the collective labor agreement for civil servants. Three agencies fall beyond the scope of article 12, stating that the minister is competent to appoint the board. Because these articles are the most contested, those are the ones that will be examined in depth in this study. In many cases, existing practices are followed with these exceptions.

The KZBO does not mention non-executive boards for agencies. Often, agencies have a non-executive board that is knowledgeable about both running a business and the field of operations. They share some competencies with the minister, who is usually not as well informed as a non-executive board (Rees 1985). The Ministry of the Interior, however, does not favor non-executive boards. They do not want to risk the same competences for a non-executive board and the minister. Several respondents at the ministry explain that if a non-executive board has competencies that according to the KZBO should belong to the minister, these competences should be limited by law.

Control

The KZBO is a law that can thus be enforced. Ministers are accountable to parliament for the implementation of the law. Parliament can hold the minister accountable for respecting the articles in the KZBO.

TABLE 2 *Expected agency response to KZBO*

Factors	Institutional Pressure	Expected Response
Cause	Political legitimacy present	Compliance
	Varying social legitimacy	No Effect
	No economic legitimacy	Non-Compliance
Constituents	Not many actors, two crucial actors	Compliance
	Dependence on parent ministry	Compliance
Content	Medium impact on existing practices	Compliance
Control	Legal coercion present	Compliance

Expectations based on the above analysis are displayed in table 2. The expectations are formulated for the reform in general, because beforehand no substantial differences are expected to occur between the separate articles.

RGPP

Cause

In 2005, a commission led by Michel Pebereau presented a report, showing a fivefold multiplication of the French national debt between 1980 and 2005 (Pebereau 2005). The Pebereau report was one of the major causes propelling the introduction of the RGPP (Lafarge 2007). The RGPP as it is scheduled now, should deliver a decrease in expenses of 7.7 billion euros – which is probably overestimated and still not enough to fix the budget problems that France is facing. Some argue that a cost reduction of 1,5 billion euros is probably a more realistic estimate (Lafarge 2009, 2011).

The RGPP has wide political support. The reform is characterized by a strong support of the major political actors. The main decisions regarding modernization need the approval of the council for the modernization of public policies (CMPP) presided by the French president, Nicolas Sarkozy. Nevertheless, the assumption that the state needs to be reformed is

contested by public sector workers as well as by public opinion. Several authors claim that public sector reform, such as adopting an agency model of the state as well as the RGPP are attempts to strengthen central control (Cole 2008; Lascoumes & Le Galès 2004).

Constituents

The CMPP is an assembly of the ministers to whom a specific RGPP measure concerns. It consists of the minister of Finance, representatives of the financial commissions in parliament, the president of the administrative council of the French bank BNP Paribas, and a representation of the inter-ministerial support team (Bézès 2011; Migeon 2011; Bouvier 2008; Lafarge 2007). A monitoring board proposes the decisions to the CMPP. This board is presided over by the secretary-general of the Elysée and the director of the prime minister's cabinet, and it proposes scenarios that are drafted by experts, often private consultancies. The reform is thus, as Mr. Sarkozy indicated, an operation led directly by the *Elysée* [the President's residence] and the *Matignon* [the Prime Minister's residence] (Bouvier 2008). The involvement of the president in state reform is a new phenomenon in France. In the past, this remained within the prime minister's discretion (Bézès 2011).

Mid-level civil servants were not very much involved in the process of designing the RGPP, which might cause the civil servants to distrust, challenge or resist the reform (Chevallier 2010). Nor were other managers, users or members of parliament involved in the design of the RGPP and its audits (Bézès 2011). Chevallier (2010, p. 23) argues that 'the further one goes down the hierarchy of the civil service, the more prevalent feelings of anxiety, distrust and rejection are; reforms are often seen as challenging vested interests and worsening working conditions' [translation SO]. Furthermore, he states (p. 25) that 'the reforms influence the support for decentralization of the public service' [translation SO].

One important notion is the emergence of the budget ministry as the leading ministry in this reform, represented by the Direction Générale de la Modernisation de l'Etat. Whereas in the past the three ministries of the interior, public functioning and budget cooperatively (or competitively) controlled state reforms, the RGPP is monopolized by the budget ministry alone (Bézès 2011). Yet, this ministry does not seem to be the main thrust propelling the

RGPP; instead the centralized councils at the presidential and PM level seem to dominate the whole operation (Bouvier 2008).

Content

The RGPP in general has three main objectives: the modernization of public management, the simplification of administrative processes, and quality improvement. Policies have to be centered around the core state functions and the administration is to be rationally reorganized by suspending certain services and merge others. Therefore, agencies and departments have been audited. These audits have been carried out by 26 audit teams, consisting of more than 200 high civil servants, mostly from the *Inspection générale des finances* (Bouvier 2008; Le Clainche 2008; Lafarge 2007). Apart from these objectives, the RGPP aims to improve quality of public service. It should be organized as a one-stop-shop, and online services should be enhanced (Migeon 2011).

These objectives should be attained through several actions. President Sarkozy has set one important goal: to replace only one in every two civil servants leaving (Lafarge 2007). For many of those interviewed, RGPP is synonym to the one-for-two rule. Furthermore, the RGPP includes the introduction of clear objectives in performance contracts to be followed by agencies. These contracts contain goals and measurable indicators of success; they should facilitate a clear image of the contribution of each agency to specific policies. Other measures include a reduction in operating costs of 10% in three years and a reduction in personnel costs of 1,5% per year (Millard 2011). These are the first four measures central in this study.

Apart from these measures, the fifth measure that is studied is the position of an agency's non-executive board. The representation of many actors, such as the ministerial financial management, the management of the budget ministry and more, has blurred the sight on this relation between the formal parent ministry or *tutelle* and the agency. The RGPP seeks to improve this situation by appointing one single contact for all agencies led by a single ministry. On the agency side, if the agency is related to several ministries, one contact within the agency handles all the contact with the *tutelle* ministries (Millard 2011).

Control

The constitutional bylaw on finance acts (LOLF), introduced in 2002, provided a new governance framework that included the appointment of one single minister to a public task or mission. This mission goes beyond the borders demarcated by the traditional ministerial competence and often involves joined-up action of several ministries and departments. This reform contrasts with the traditional incremental public sector reform that is witnessed in France (Rouban 2008). Together with the RGPP, these two reforms are complementary and create a new dynamic which' effects are felt in all fields of administrative reform (Chevallier 2010). Lafarge (2009) claims, however, that the RGPP is an old fashioned reform, inconsistent with LOLF demands.

Every year, agencies have to present their results in relation to the performance contracts, to the *tutelle* ministry (Millard 2011). The monitoring council that has been created to control the proceedings provides an adequate instrument to enact the reforms that have been designed (Lafarge 2009). The budget minister has created an interministerial committee for program audits (CIAP) to assess performance reports and conduct audits (Ministre délégué au budget et à la réforme budgétaire, No CIAP-03-06). This committee checks the annual objectives that agencies and missions set, as well as the attainment of those goals. Parliament is able to control the agencies that are submitted to the RGPP (Millard 2011). Yet, structural parliamentary control is absent and its reports show the absence of a general and comprehensive overview of reforms and results (Lafarge 2009). Expectations based on the above analysis are displayed in table 3.

TABLE 3 *Expected agency response to RGPP*

Factor	Institutional Pressures	Expected Response
Cause	Political legitimacy	Compliance
	No social legitimacy	Non-Compliance
	Economic legitimacy	Compliance
Constituents	Few actors, mostly CMPP	Compliance
	Parent Ministry takes part in CMPP	Compliance
Content	High impact on existing practices	Non-Compliance
Control	Legal coercion exist, but is not often used	No Effect

Agencies' Preferences, Resources, and Responses

In this section, first the two Dutch agencies are discussed, followed by their French counterparts. As mentioned in the parts about constituents, more actors were involved in the introduction of the reforms than the agency and its parent ministry. In each following part, a table has been drawn (tables 4-7), where the actors' preferences have been indicated, based on the interviews at the ministries and agencies. The last column displays the eventual result: whether a rule has been introduced in the agency or not. In some cases, actors changed their preference, and their preferences have been indicated in chronological order (i.e. an actor who first agreed, but later disagreed with a rule is indicated as yes, no).

COA

The Dutch COA was one of the founders of the Charter Group in 2000. An anonymous respondent states that this group has tried to counter the introduction of the KZBO, although that is not officially confirmed. COA has strong ties with their parent ministry, which used to be the ministry of Justice, and has become the ministry of the Interior in late 2010. Respondents indicate that there is daily or weekly contact. The strong ties can be explained from the highly politicized issue of asylum seekers. COA is the only organization by law that manages the care for asylum seekers in the Netherlands.

TABLE 4 *Preferences and acquisition of new rules for COA*

Preference and Acquisition	Parliament	Interior	Finance	COA	Justice	Result
Ministerial Powers	/*	yes	/	no	yes	yes
Board (appointment and salary)	yes	yes	/	no	yes	yes
Staff Conditions	/	yes	yes, no	no	no	no
No Non-Exec Board	/	yes	/	no	yes, no	no

* not applicable.

As shown in table 4, COA disagreed with the parent ministry and the ministry of the Interior to all rules that have been studied. They wanted the minister not to be able to interfere in their decisions, they wanted their non-executive board to appoint the directors and set their

reward. They thought the staff conditions should be kept the way they were, and lastly, but most important, they wanted to keep their non-executive board with all its competences. For COA's director, Mrs. Albayrak, that was the most important issue:

'I considered a non-executive board with competences and statutory duties to be very important. [...] If we would get this board, then the rest of the law would be acceptable for us. If our effort would not have been successful, the agency would become very vulnerable. [...] Then, no buffers between the Minister and the agency would exist. The COA has a very sensitive function in a very public job. When the minister is involved in everything that happens, that would become a heavy burden for the minister.'

COA traded their non-executive board for compliance with the other measures. This is a compromise. The interference of the Council of State was needed, however, to reach this result.

The ministers of Justice and of the Interior both agreed that the KZBO would not leave room for a powerful non-executive board. Therefore, they proposed to install a non-executive board that would lose its competences and would become mainly an advisory body. The Council of State, however, advised to revise this idea, and to return all competences to the non-executive board (RvS 2009). COA is dependent on the ministry of Justice, which would favor compliance, yet with the help of the Council of State, COA managed to convince its parent ministry.

The non-executive board would be able to nominate a new director to the minister for approval, but the minister would be setting the salary. It would not be possible in the actual political context to run the risk of a public official who earned more money than the prime minister. This maximum is known as the *Balkenendenorm*. Mr. Besemer, member of the non-executive board, says,

'We discussed very briefly about the salary. Politicians from left to right agreed that the *Balkenendenorm* should be used. At that point you end the discussion.'

Political support or legitimacy for this measure was so high, that it would be impossible not to comply with this rule. The cause alone has proven sufficiently important for compliance to the rule.

The staff conditions should not be changed, according to the COA and the ministry of Justice. They explained to the Ministry of the Interior and the Ministry of Finance, that it would cost the state a lot more money if the staff would be paid according to the collective labor agreement for civil servants. The contractual norms that applied to COA staff include lower wages for lower personnel. The terms that apply to civil servants have higher wages. Therefore, they were able to manipulate the interests of the two ministries who initially wanted the rule to be implemented. Mrs. Albayrak states:

‘We are cheaper and more flexible than civil servants. [...] I think COA is an organization that is growing and shrinking, and I believe we should retain that flexibility.’

While consistency with existing practice was low, from a content point of view, they managed as expected to manipulate the KZBO on this point, and to keep their practice.

NWO

Respondents indicate that the Dutch organization for scientific research NWO has a good relation with the ministry of Scientific Research. The agency does not have a monopoly on the service they provide towards the universities and research institutes in the Netherlands, but they control the greater part of public money for scientific research. They are, therefore, an important actor in the field. Both the Ministry of Scientific Research and NWO did not necessarily support the introduction of the KZBO. The Gerritse Commission, who advised the minister of the Interior on the application of the KZBO, made clear, however, that avoiding the law was not possible for the agency. Here, once more, political legitimacy for the application of the KZBO to NWO was high enough to predict compliance.

In general, most rules that were introduced through the KZBO were in line with previous regulations that applied to NWO. Existing practice was already ‘modernized’, as Mrs. Tempel, civil servant at the ministry of Scientific Research indicate:

‘Very roughly summarized, the law for NWO was so modern in our perception, that the KZBO did not add much to as a modernization.’

Considering the ministerial competences, the appointment and salary of the board, and the absence of a non-executive board, practice was in accordance with the reforms. Compliance was thus easily achieved, which is explainable through the accordance with content of earlier practices.

TABLE 5 *Preferences and acquisition of new rules for NWO*

Preference and Acquisition	Parliament	Interior	NWO	Scientific Research	Result
Ministerial Powers	/	yes	yes	yes	yes
Board (appointment and salary)	yes	yes	yes	yes	yes
Staff Conditions	/	yes	no	no	no
No Non-Exec Board	/	yes	yes	yes	yes

The ministry of the Interior does not appreciate exceptions from the KZBO for agencies. In the case of NWO, however, an exception was made for the labor agreement for the staff. In this discussion, the ministry of Scientific Research took the side of their agency, contesting the ministry of the Interior. Mrs. Lieshout, civil servant at the parent ministry explains:

‘When they had a clear story why they wanted an exemption for their collective labor agreement, we also made an effort. After all, it is your own agency. Then we benefit most from a good cooperation.’

This indeed shows that mechanisms in steering agencies from central government are not only found between ministry and agency. The relation between an agency and parent ministry can be tighter than the relations between ministries. The focal point for the ministry of Scientific Research during the implementation of the KZBO was to maintain the daily routines in NWO. The accordance of the reform with the former law and practices eased this process.

OFPRA

OFPRA was moved from the French ministry of Foreign Affairs into the responsibility of the newly created ministry of Immigration in 2007. Somewhat later, in November 2010, the Ministry of Immigration itself moved to the ministry of the Interior, taking the agency there as well. The agency works in the field of immigration, which is a highly politicized field, and has a monopoly on its service. No other organization in France manages the applications to protection for asylum seekers and immigrants. It is very important for the right-wing government to reach targets concerning reform of immigration policy (Secrétariat général du comité interministériel de contrôle de l'immigration 2011). Several stakeholders indicate that the agency is focusing only on numbers, rather than on quality.

TABLE 6 *Preferences and acquisition of new rules for OFPRA*

Preference and Acquisition	Government	OFPRA	Ministry	Result
Mission Statement	/	yes	yes	yes
Expenses	yes, no	no	no	no
Staff	yes, no	no	no	no
Accountability	/	yes	yes	yes
Non-Exec Board	/	no	no	no

Both the ministry and the agency supported a written mission statement. That would clarify the targets for OFPRA on the one hand while, on the other hand, the agency could rely on the knowledge that it would receive a set budget to deliver its services. Although the budget and targets had to be negotiated, both parties indicate that they preferred to be sure of their means and ends for the coming three years when managing their organization. The introduction of the RGPP, nevertheless, meant a different organizational culture in the agency, says one of the executives. Now all higher ranked employees have an individual performance contract. Although the new situation changed the organizational practice, both parties experienced enough interest to acquire the new rule, which consequently happened.

The reduction in expenses was a more difficult issue. The agency spends 21,5M euros annually on staff, which amounts to 66% of their budget (OFPRA 2011). A cost reduction would therefore mean a decrease in staff, and consequently, a lower capacity to handle

immigrants and asylum seekers. OFPRA argued that a lower capacity would eventually lead to higher costs. Mr. Kamano, working at the ministry of the Interior explains:

‘We thus experienced annual increases of asylum seekers in double digits. And to prevent a stock of immigrants who have to wait before their file can be handled, the number of staff should not be decreased. A stock would increase the total expenses for this *sécretariat général*, and it would therefore increase the total costs for the French state. One of the focal points in our work at the moment is to decrease the delay with which asylum seekers’ files are processed.’

The agency found the parent ministry at their side. Taken into account that OFPRA is the only organization delivering this service, they convinced the government of their position. In other words, the agency was in a position to use its resources to influence the ministry as a constituent. This is an example of manipulation as a strategy not to comply with the reforms.

An improvement of accountability was thought to be a legitimate decision, supported by the agency and the ministry. At the agency, respondents indicate that they subscribe to the idea that public money is well accounted for, which is in accordance with institutional theory on normative pressure. While it did not change a lot in existing practice, the rule was easily adopted by OFPRA. A reduction of the non-executive board was not desired, neither by the agency, nor by the ministry. Civil servants at the ministry indicate that most decisions taken by the non-executive board are prepared by lower officials, and the official meeting is mostly a formality. Changing this practice does not seem to bother any of the people involved, therefore the rule was avoided.

ANR

The French research organization ANR has only very recently been created, in 2006. The organization is still being developed and is trying to find a place in the scientific landscape in France. ANR is subordinated to the ministry of Scientific Research, with which it is strongly linked; respondents indicate that all decisions that are made are monitored by the parent ministry. Civil servants at the ministry feel very closely involved with the agency. These strong ties can be explained by the fact that the creation of the agency was not welcomed by scientists and universities. In 2008, for example, some 200 scientists occupied the ANR

building to protest against its creation. The ministry could be seen as trying to protect its agency from external pressures.

TABLE 7 *Preferences and acquisition of new rules for ANR*

Preference and Acquisition	Government	ANR	Ministry	Result
Mission Statement	/	yes	yes	no
Expenses	no	no	no	no
Staff	no	no	no	no
Accountability	/	yes	yes	yes
Non-Exec Board	/	no	no	no

There is not yet a signed mission statement, although it is desired by both the ministry and the agency. Deputy chief executive Mrs. Latare says:

‘Not having a contract is actually problematic for the ANR. [...] So we are actually put in a rather unfortunate situation not having such a contract, for it would clarify the management of our actions, with clear rules and objectives. [...] It would improve our reciprocal relation, because we would clarify our relation.’

Before the contract can be drafted, though, the ministry wants to wait for an evaluation which is done by AERES, one of the ministry’s agencies. In contrast to the audits at other agencies, this organization is examined by an agency, not by a third party. The respondents indicate that they consider the ANR to be so different from other agencies, that no consultancy firm would be well equipped for an evaluation. The recent creation of the agency and the audit explain the fact that no mission statement has yet been introduced. Although there is no mission statement yet, due to external influences, compliance is readily expected.

While president Sarkozy planned to save on expenses within the administration, he wanted to improve scientific research in France. One of the instruments the Sarkozy administration employed is a *grand emprunt*, a state investment of 35 billion euros. Almost 22 billion (63%) will be spent on scientific research and higher education in a project called *investissements d’avenir*. Deputy chief executive of the ANR Freyssinet states:

'I do not feel political pressure to reduce our staff, partly because our role is still expanding due to our role in the *investissements d'avenir*, with a large increase of our responsibility.'

The measures taken in the RGPP considering the expenses for ANR thus lost their economic and political legitimacy, undermining the initial cause for the cost reduction. Furthermore, the administrative expenses at the agency are considered to be low by both the agency and the ministry. Various respondents indicate that with about 200 fte staff, the agency is relatively small. Mr. Hagège, responsible for the ANR at the Ministry of Scientific Research illustrates:

'The ANR is already very small, so it would be impossible to go ahead with a further reduction in staff after the internalization of the support units.'

Improvement of accountability and the reduction of members of the non-executive board did not involve a lot of discussion. Similarly to the OFPRA, respondents in the agency feel the urge to be accountable for the public money they spend, and they are ready to improve their methods. It should be noted that this could be a honest, as well as a politically correct statement. A reduction of the number of members in the non-executive board is not seen as a priority by any of the respondents.

Case Comparison

Table 8 gives an overview of strategies that have been employed in case of disagreement between preferences. In all cases, if all the actors agreed on the introduction of a rule, the rule has been introduced or is planned to be introduced in the near future. On some rules, parties disagreed. In these cases, two strategies were observed, negotiating a compromise and manipulation. In the case of COA, non-compliance to abolishing their non-executive board has been 'exchanged' for compliance to other rules. In the other cases, manipulation has proved to be an effective strategy for non-compliance. It is expected, however, that manipulation is not possible in cases where parliamentary pressure exists, like in the case of the salary for the board in the Dutch agencies.

TABLE 8: *Strategy and Results in Case of Disagreement*

Agency	Rule	Proponents	Opponents	Strategy adopted	Result
COA	Ministerial Powers	Interior*, PM**	COA	Compromise	Compliance
COA	Board (appointment and salary)	Interior, PM, Parliament	COA	Compromise	Compliance
COA	Staff Conditions	Finance***, Interior	COA, PM	Manipulation	Non-Compliance
COA	No Non-Exec Board	Interior, PM	COA	Compromise	Non-Compliance
NWO	Staff Conditions	Finance	NWO, PM	Manipulation	Non-Compliance
OFPRA	Expenses	Government	OFPRA, PM	Manipulation	Non-Compliance
OFPRA	Staff	Government	OFPRA, PM	Manipulation	Non-Compliance

* Ministry of the Interior, ** Parent Ministry, *** Ministry of Finance

Discussion: Does Institutional Pressure Provoke Change?

The cause of a reform (political legitimacy) was expected to lead to compliance in both countries (see tables 2 and 3 for the expectations). This was indeed confirmed. Whenever a majority in parliament explicitly supported a certain measure, agencies were prone to comply, for example in the case of the reward for members of the board in Dutch agencies. Also for the RGPP, the case of the increased budget for science in the ANR case shows that removing the cause for a rule was sufficient for non-compliance. This suggests that in agencies, explicit political legitimacy can be seen as the first condition for change. Parliament explicitly expressing its will is a sufficient condition for compliance. Effects of social and economic legitimacy have not been found.

In cases of disagreement, the most effective strategy to resist institutional pressure was manipulation of the parent ministry; the agency argued that the rule would eventually not be beneficial for the government itself. Manipulation was in most cases accompanied by

powerful strategic resources, such as a service monopoly in the examples of COA and OFPRA. Where disagreement was observed between agencies and other actors, agencies tried to pursue their own interest and preferences. The agencies, however, do not regard this preference as pure self-interest only. In some cases, agencies framed their interest as serving the common good, for example, when COA wanted a non-executive board as a buffer between the agency and the minister.

Another important finding, with respect to the constituents of institutional pressure, is that agencies often found their parent ministry on their side to protect them; rather than enforcing rules. This occurs in cases where the agency is threatened by its context, such as in the example of the ANR when it was confronted with resistance from the French scientific community. It also occurs in the immigration agencies where the political context was uncertain. This finding contrasts the expectations, which assumed the agency's dependence on its parent ministry to provoke compliance. It also contrasts traditional assumptions on steering and control, where the government is simply steering agencies 'down the line of hierarchy' (Roness *et al.* 2008). Therefore, when studying steering and control of agencies, the focus should not always be on the relation between agency and parent ministry. Instead, or in addition, internal government processes should be evaluated. The role of context in the relation between agency and ministry lies beyond the scope of this study, but should also be evaluated in future research.

It was expected that when existing structures would be changed, this would lead to resistance and non-compliance. Here, a difference between the Netherlands and France was expected, where the impact of the RGPP was thought to be stronger. Indeed, in the example of the NWO, not changing the existing structures was the point of departure for the ministry. At COA, however, the planned reforms led to the negotiation of compromises. In France, a change of practice did not seem to be problematic for agencies. For example, the agencies were willing to change the way how they accounted for their expenses. Resistance to change in itself was not so high. The explanatory value of consistency with existing practice seems, therefore, to be lower than previously expected.

The country-specific context was expected to influence reactions as well. A stronger influence on executive agencies was expected in France than in the Netherlands, because of their political traditions. In this study, not many differences between the countries have been observed. The same mechanisms seem to have come into play in both cases. Mostly, agencies comply with rules, and if not, they use manipulation as an effective strategy. Two possible explanations for the similarities between the countries could be mentioned. The institutional background might have less explanatory power than previously expected, or the countries' institutional contexts might be more similar than hitherto assumed. Certainly, the low number of investigated agencies in this study could influence the results; further international comparative research should clarify this.

Conclusion

The question that guided this study was, 'what reactions from agencies have been provoked by the introduction of the KZBO in the Netherlands and the RGPP in France, and how can these reactions be explained?' The underlying question was whether agencies, once independent, could still be influenced. In the academic literature on agencies to date, studies were mostly confined around the time of agencies' creation (for example, Van Thiel 2004; Flinders 1999). Sometimes studies covered the time they were conducted (for example, Bouckaert *et al.* 2010; Pollitt & Talbot 2004), and some publications focused on the life cycle, abolishment or death of public organizations (Boin *et al.* 2010; Laegreid *et al.* 2006; Kaufman 1991, 1976; Downs 1967). But what exactly happens to agencies during their 'lifetime', and how mechanisms of influence in agencies work remained underexposed. This study clarified some of the daily operational practices in agencies.

It was observed that when there is a common interest in a reform for government and agency, new rules are easily introduced. When agency, ministry and other actors agreed on the introduction of a rule, an absence of strategic reactions has been observed. Then, the reaction was straight compliance to the imposed rules. This was observed, for example, in the case of the mission statements that were introduced in France. The same goes for their accountable spending of public funds. In these cases, the proposed theory offers less explanatory value. However, in situations of disagreement, strategic reactions from agencies

occur. Then, the most effective resource for governments is a parliamentary majority. If there is no explicit political legitimacy, agencies are likely to react with compromises or with manipulative strategies when they disagree. The theoretical framework that was applied proved to work adequately to explain agencies' reactions when preferences between actors were different. Then, agencies do not always comply with rules that the government imposes on them. Indeed, sometimes this involves resistance to government control.

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