

Book Review

OVERMAN, S. (2016). GREAT EXPECTATIONS OF AUTONOMOUS AGENCIES (DOCTORAL DISSERTATION)

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THE PROLIFERATION OF AUTONOMOUS AGENCIES: A CURSE OR A BLESSING?

Over the last two decades, the call for autonomous agencies has reverberated throughout all corners of the globe: many governments – from Great-Britain to Japan, from Tanzania to America – were unbundled into smaller agencies with a certain degree of autonomy. In most cases, these agencies carry out public services with sovereignty over policy design, decision-making and managerial matters. They are nonetheless tied to their respective ministry, because the political executives bear the responsibility for their performance. Well-known examples of services that are executed at arm's length include tax collection, benefits administration, and scientific research. The rationale behind this *agencification* is that agencies are better equipped to deliver public services than the rather unwieldy government. Both the great expectations and the proliferation of semi-autonomous agencies raise the question whether the creation of these agencies is justified – i.e. whether their effects are in line with prior expectations.

It is precisely this question that Sjors Overman addresses in his recent book *Great Expectations of Autonomous Agencies*. From a systematic analysis of 250 journal articles, Overman distills four expected effects of agencification – brought forward by academics, politicians, and practitioners. First and foremost, enhanced competition and leeway for business-minded managers can foster the performance of agencies, and therefore performance of the public sector as a whole (*expectation 1*). In addition, semi-autonomous agencies are expected to be more responsive to citizens' needs, leading to higher citizen satisfaction (*expectation 2*). Moreover, the disaggregation of agencies could induce the introduction of better accountability arrangements, such as audits and sanctions, because agency performance needs to be monitored (*expectation 3*). And lastly, one expects increased staff satisfaction due to a better person-organization fit (*expectation 4*). This expectation is deduced from the fact that agencies are single-purpose organizations with their own HR-policy, which renders them eminently suited to select the right staff. These expectations are tested empirically, to determine whether semi-autonomous agencies have delivered on their promise.

In contrast to the predominant line of research, which is based on cases, sectors, or individual countries, this dissertation aims to give more abstract understanding of agencification effects at a macro-level. The main reason to study semi-autonomous agencies at such a high level of abstraction is to overcome the problem of coordination effects: a public sector with a plethora of semi-autonomous agencies may become too fragmented to facilitate sound coordination between the agencies. It can thus be the case that public sector performance, citizen satisfaction, and accountability decline, even

though all agencies *improve* their individual performance (p. 41). A study of the macro-effects circumvents this problem, because coordination flaws are necessarily included in the general outcomes. The underlying assumption is, of course, that there are sufficient similarities between semi-autonomous agencies to allow for a comparative evaluation of their effects.

Overman unequivocally concludes that “if we strive for good performance, solid accountability, and happy citizens and employees, then creating semi-autonomous agencies in the way that we have until now, does not work” (p. 181). This surprising finding follows from the fact that none of the expected effects could be corroborated by the data. Firstly, the public sector is less efficient in those countries in which more services are delivered through semi-autonomous agencies (*expectation 1*). However, this effect has only emerged in recent years, which may indicate that agencification worked at first, but not after it spread to less marketable policy sectors. Secondly, countries with a relatively large number of semi-autonomous agencies are not related to increased citizen satisfaction as a consequence of agencification (*expectation 2*). Thirdly, the decreased accountability due to the disaggregation of tasks is not met by a systematic introduction of suitable accountability arrangements (*expectation 3*). And fourthly, the staff of semi-autonomous agencies is less satisfied with the organization after agencification (*expectation 4*). They are mostly dissatisfied about the results-oriented mindset and about their career possibilities.

The study employs three distinct methods to analyze the expected effects of agencification. A cross-country comparative analysis provides empirical input to test the first three expectations. Since the secondary data sources contain cross-sectional data only, it is impossible to describe causal relationships. The employed regression and cluster analyses could merely indicate *that* there was a negative relationship between agencification and public sector performance, citizen satisfaction, and accountability – not *how* the relationship is constituted. The study of staff satisfaction (*expectation 4*) is characterized by longitudinal data and could hence be conducted in an experimental manner. The analysis revolves around a comparison between the treatment group (agency staff) and the control group (ministry staff) in three organizations. In the last chapter, the study is supplemented with a qualitative method, the Delphi technique. The core of this technique is to present the results to practitioners, scientists, and other experts. This leads to a reflection on the results, and the formulation of new strands of research and practical recommendations.

All in all, *Great Expectations of Autonomous Agencies* is a well-written and thoroughly conducted study that addresses a highly relevant question – arguably, one of the most important questions in contemporary public administration. Many countries, such as

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Sweden, Romania, the Netherlands, and the United Kingdom, have a public sector in which more than 70 percent of the executive tasks is agencified (p. 60). It is thus no exaggeration to say that semi-autonomous agencies have superseded traditional government. Moreover, agencification affects citizens directly: citizens use the services of the agencies and they are affected by the fact that semi-autonomous agencies may be less democratic and depoliticized. The results of this study call at least for an exhaustive investigation into the current edifice of semi-autonomous agencies, and perhaps even a radical revision.

Another laudable feature of this dissertation is the clear research set-up. Overman elucidates why he examined precisely these expectations, how he studied the data, why specific predictors were used, and which theoretical underpinnings played a role in the expectations. This ensures the replicability of his findings, and helps the reader to understand not only what he reads, but also what he does not read. The study should furthermore be acclaimed for the innovative data-analysis and methodological contributions. Overman applies various methods – cluster analysis, model cross validation, difference-in-difference analysis, the Delphi method – that are a novelty in public administration. They enhance the validity of the results and the practical implications, and assist (in the case of *expectation 4*) in establishing causal relationships – features that are undeniably useful for all scholars in the field.

Although the study provides a profound insight into the general effects of agencification, it leaves room for some critical considerations. A first point of criticism is that the data do not allow for a study of causal relationships, except for the case of staff satisfaction. Of course, this is a huge limitation because the research was all about establishing causal relationships. It should be noted that establishing causality is tremendously difficult and that some limitations follow from the nature of the data. And yet Overman could have done more to make his causal claims *plausible* – for example, by providing more control variables. This can be illustrated by the association between agencification and worse public sector performance (*expectation 1*): there is a statistical relation, but it is unclear whether the agencification itself has triggered the waning public sector performance.

Two control variables would have been particularly interesting to include: the moment of agencification in a country, and the moment at which particular agencies were created. The former sheds a completely different light on the relation between agencification and performance. An apt example are the post-communist countries – which are ubiquitous in the data – that faced problems in the wake of the centralized, bureaucratic government of communist times. As a consequence, the idea of decentralization seemed appealing, whereas ministries lacked the skills and the resources to manage these agencies properly (Horvath, 2000). This implies that, at least in some countries, agencification did not impinge on public sector performance, but that agencification occurred as a reaction to worse performance – a *reversal* of the causal claim that Overman makes. As for the latter point, the moment of agency creation is

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highly relevant, because agencification is correlated with negative performance mostly in recent years: from the eight sectors in which agencification occurred before 1980, seven are correlated with a better performing public sector (p. 66). This suggests that agencification is only effective for marketable sectors to which it spread first, and not for agencies that are less marketable. Although Overman checked for correlations, it would have been stronger to include the moment of agency creation in the regression models, since this reduces the risk of spuriousness. In sum, the data allow for the inclusion of control variables that could serve as an antidote to spurious and reverse relationships in expectation 1, 2 and 3. This may have altered the conclusions, since the data seem to point at positive effects in certain sectors, countries and cases.

A second point of criticism is related to the first, and concerns the question whether agencification can be understood outside its context. As the aforementioned examples (of post-communist countries and non-marketable sectors) reveal, agencification might be different in every country, sector, and case. Ironically, Overman repeatedly stresses the importance of context and yet forbears from addressing the context himself. He considers the *context of agencies* to be important because “Expected effects of delegation are moderated by contextual factors. Skilled staff, enough budget, and no counterproductive political interference are indispensable” (p. 44). And the *context of agencification* should also play a role, since “expectations should be analyzed in the delegation context, in order to make valid inferences about the effects” (p. 44). Given the assumption that the context is essential, it is unclear why Overman has not worked along those lines. There is no doubt that the study would have given a richer and more realistic account of agencification if contextual factors were incorporated.

Perhaps a study of the macro-effects of agencification is too ambitious after all. Even though Overman’s assumption that agencies share “sufficient similarities to facilitate a comparative evaluation” might hold, the context in which agencies operate is not sufficiently similar (p. 168). A study of macro-effects dissolves the problem of coordination issues, but it poses another problem in its place: an all-too-general view on agencification without a real understanding of its effects. It is hence no surprise that the results were widely contested by the experts in the Delphi panel, which have in-depth knowledge of the specific effects of agencification. Future research should include both micro-effects about individual agencies and macro-effects about the public sector as a whole. This is feasible if researchers confine their study to one expectation only, because this enables them to grasp the micro- (e.g. a specific agency or sector) and macro-effects (e.g. performance as a whole) as well as the coordination issues.

Despite these limitations, *Great Expectations of Autonomous Agencies* has some profound implications. It really challenges a key institution of the modern era: creating semi-autonomous agencies in the way we have done until now, might not work as well as expected. Neither public sector performance, nor staff and citizen satisfaction, nor accountability were found to increase after agencification. This is all the more relevant because the effects of agencification cut across numerous debates in public administration and society (e.g. efficiency, responsiveness, and legitimacy). Even though Overman’s results are a little too glib for an overhaul of the entire system, they are important enough not to be underplayed. The Delphi method and innovative

statistical analyses render the book valuable for all scholars in the field in public administration. But above all, the book is interesting for practitioners, citizens, and politicians all over the world who wish to enhance their general understanding of the effects of agencification – one of the most delicate topics in current governance.

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