Agencification

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Introduction[i]

One persistent theme in public administration is whether a government portfolio should be organized as an integrated ministry or as a dual organization composed of a ministerial department and one or several semi-detached agencies. 'Agencification' has, partly due to the New Public Management (NPM) wave, been high on the agenda of administrative policy-makers for two decades. Two decades of NPM reforms have made the agencification phenomenon highly topical and this also attracted considerable scholarly attention. Students have focused on the causes of agencification as well as its consequences (e.g. Christensen and Lægreid 2006; Lægreid and Verhoest 2010; Pollitt and Bouckaert 2004; Pollitt et al. 2004). One noticeable bias in this literature is that the vast majority of the 'agencification' scholarship is geared towards administrative history, reform and change and less on the effects of agencification (e.g. Pollitt et al. 2004). Moreover, to the extent that this literature *has* explored effects of agencification,

organization structures, procedures and legal capacities have served as key independent variables (see below). A comprehensive understanding of agencification needs to answer three sets of questions:

- What is agencification?

- What explains agencification?

- What implications does agencification yield?

What is agencification?

Historically, ministerial portfolios have been arranged either as 'integrated ministries', meaning that a ministerial portfolio constitutes a unitary organization, or as a vertically specialised structure, meaning that a portfolio is split into a ministerial, or cabinet-level, department on the one hand and one or more separate agencies on the other. Over time, agencies seem to have been moved out of and into ministerial departments, often in a cyclical manner (Aucoin 1990; Hood and Jackson 1991; Pollitt 2008; Verhoest et al. 2007). By an 'agency' we mean an administrative body which is formally separated from a ministerial, or cabinet-level, department, and which carries out public tasks at a national level on a permanent basis, is staffed by public servants, is financed mainly by the state budget and is subject to public legal procedures. Agencies are supposed to enjoy some autonomy from their respective ministerial departments as regards decision-making. However, the respective ministers normally keep the political responsibility for agencies' activities (cf. Pollitt and Talbot 2004). 'Agencification' thus signifies a *transfer* of government activities to bodies vertically specialized outside ministerial departments. Related to the NPM movement, governments across continents have established agencies at arm's length from ministerial departments in order to take

care of certain regulatory and administrative tasks (Pollitt et al. 2004; Verhoest et al. 2004).

Agencification seems fairly often accompanied by geographical relocation away from the national capital. This spatial dimension has largely been neglected in studies of agencification. Although an old topic of administrative science (e.g. Gulick 1937), in the study of state building, party formation and voting behavior (Rokkan and Urwin 1982), as well as the symbolic meaning of architecture (Goodsell 1977), the significance of place has been largely neglected in scholarship on agencification (see however Egeberg and Trondal 2011a).

During the last couple of decades, agencification is also observed in the European Union (EU). Currently, more than 40 EU agencies have been established (and new agencies are pending). Apart from being geographically spread throughout the Union, EU agencies cover multiple policy areas, have various legal standings and formal powers, staffing and funding provisions, and engage in a web of relations with external institutions. EU agencies have been considered weak in most terms. However, the quantitative leap of EU agencification is increasingly gaining a qualitative shift in terms of the establishment of EU agencies with ever more regulatory power and within policy domains of core-state powers (e.g. economic affairs, foreign and security affairs). Studies show that agencification at EU level in many cases is basically about transferring action capacity *from* the constituent states to the EU level. For example, EU agencies seem to establish relatively stronger relationships towards the European Commission (Commission) than towards members-state governments (see below). This seems to particularly be the case in relationship with the implementation of EU legislation and also in areas where the

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Commission has established administrative capacities that partly overlap or duplicate the capacities of EU agencies (Egeberg and Trondal 2011b). Agencification at EU-level thus seems to contribute to a consolidation of executive power of the Commission, although at arm's length distance from political oversight by Commissioners.

What explain agencification?

Agencification has been accounted for by (i) organizational, (ii) functional, (iii) contingency, and (iv) institutional (myth) approaches. (i) According to an organizational/institutional approach agencies come about through power struggles and compromises conditioned by pre-existing organizational structures. Organizational change is framed by the heritage of structures and new agencies are thus likely to be embedded within existing organizational architectures (Radin 2012: 17). (ii) According a functionalist account, agencification is a response to collective action problems. The principal-agent model is often the analytical expression of this functional logic, together with the notion of transaction costs (Tallberg 2003: 25). The benefits of agencies 'lie in the reduction of political transaction costs, by providing solutions to collective-action problems that prevent efficient political exchange' (ibid: 26). (iii) Contingent events may help explaining institutional change and the timing of organizational birth (March and Olsen 1989; Pierson 2004). Decisions to create agencies have been motivated by needs to respond to particular circumstances of the moment, and in some cases to crisis. Finally, (iv) the creation of agencies can also be seen as a *trend* in public policy and as a fashionable idea within the realms of public management (Christensen and Lægreid 2006). Meyer and Rowan (1977: 73) emphasise the importance of cultural rules within wider institutional environments which take the form of 'rationalised myths'. They are *myths* because they are widely held beliefs whose effects 'inhere, not in the fact that

individuals believe them, but in the fact that they "know" everyone else does, and thus that for all practical purposes the myths are true' (ibid: 75). Delegating tasks to 'independent' agencies was increasingly popular in domestic politics across the OECD area in the late 1980s and was therefore likely to appeal to many national governments.

Implications of agencification

Implications of agencification are noticeable with respect to (i) political steering and autonomy, and (ii) the rise of multilevel administration. Essentially, however, the sheer number of agencies across countries should not in itself matter with regard to the *effects* of agencification. These effects are arguably conditioned by particular organizational forms, not by the statistical distribution of these forms.

A recent study (Egeberg and Trondal 2009) shows that agency officials pay significantly less attention to signals from executive politicians than their counterparts in ministerial departments. The relationship is a robust one: it holds when controlling for type of tasks, the amount of public debate and contestation and officials' rank. Last, but not least, the findings are highly consistent across time. At the agency level, the more modest attention to political signals from above seems partly 'compensated for' by more emphasis on user and client interests. Thus, the autonomous institution is seldom found; more autonomy gained in one relationship may be followed by more dependence in another relationship (Olsen 2009; Thatcher 2002). Officials routinely have to cope with what might become competing expectations. However, since it is often assumed that the relationship between formal structure and actual behaviour is relatively weak in this respect (e.g. Christensen and Lægreid 2006), it might be expected that changing administrative doctrines (e.g. NPM, 'whole of government') made a difference as regards

agency decision-making. This is, however, not the case: the proportion of agency personnel emphasizing political signals is not smaller in 1996 (the NPM era) than it was in 1986 (the pre-NPM period) (Egeberg and Trondal 2009). However, the more organizational capacity available in the respective ministerial departments, the more agency personnel tend to assign weight to signals from their respective ministers (see also Verhoest et al. 2010).

Studies of the effects of agencification have primarily focused on organizational structure and procedures as independent variables. One neglected variable is agency location. Even though geographical relocation fairly often (but far from always) seems to have accompanied agencification (e.g. in the EU), the potential effect of agency location has thus far escaped scholarly attention. A recent large-scale survey (Egeberg and Trondal 2011a) documents that agency site doesn't make a significant difference for agency autonomy, agency influence and inter-institutional coordination. This study focused on already semi-detached, often highly specialized, agencies whose 'need' for being steered, influenced or coordinated with others is relatively modest. It may thus still be possible that organizational location make a difference if research focus is directed towards bodies that are in general relatively more involved in the policy-making process. Given that many decision processes are often hectic and intertwined, to be on the spot means that many actors and arenas can be reached in a relatively short time. Thus, under such circumstances, geographical proximity might be convenient. Hence, the impact of site might be conditioned by policy stage and the temporal dimensions of decision-making (Goetz 2012). Notwithstanding missing effects of agency location on administrative behavior, agency locus might indeed also have symbolic effects of importance (Goodsell 1977).

A second important implication of agencification might be the emergence of multilevel administration. National agencies organized at arm's length from their parent ministerial departments and which also in practice are partly de-coupled from direct steering from these departments constitute an *administrative infrastructure* for agency capture. Essentially, national agencies may become building blocks of a multilevel EU administration. The main EU executive body, the Commission, lacks its own agencies at the national level for the implementation of EU policies. In order to generate uniform implementation across the Union the Commission in cooperation with EU agencies seems to establish partnerships with national agencies, partly circumventing ministerial departments. National agencies are thus becoming 'double-hatted', serving both national ministries and EU-level bodies (Egeberg 2006). Agency *de*-coupling (from ministerial departments) at the national level makes agency *re*-coupling across levels of governance possible. Integrated ministries would not have been conducive to such a development. Thus, re-coupling ('de-agencification') at the national level would seriously challenge administrative integration across levels of governance.

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Note