

Expert session 1

Rationalization of agencies in times of crisis

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Academic perspectives on agency rationalization: trends, challenges and responses

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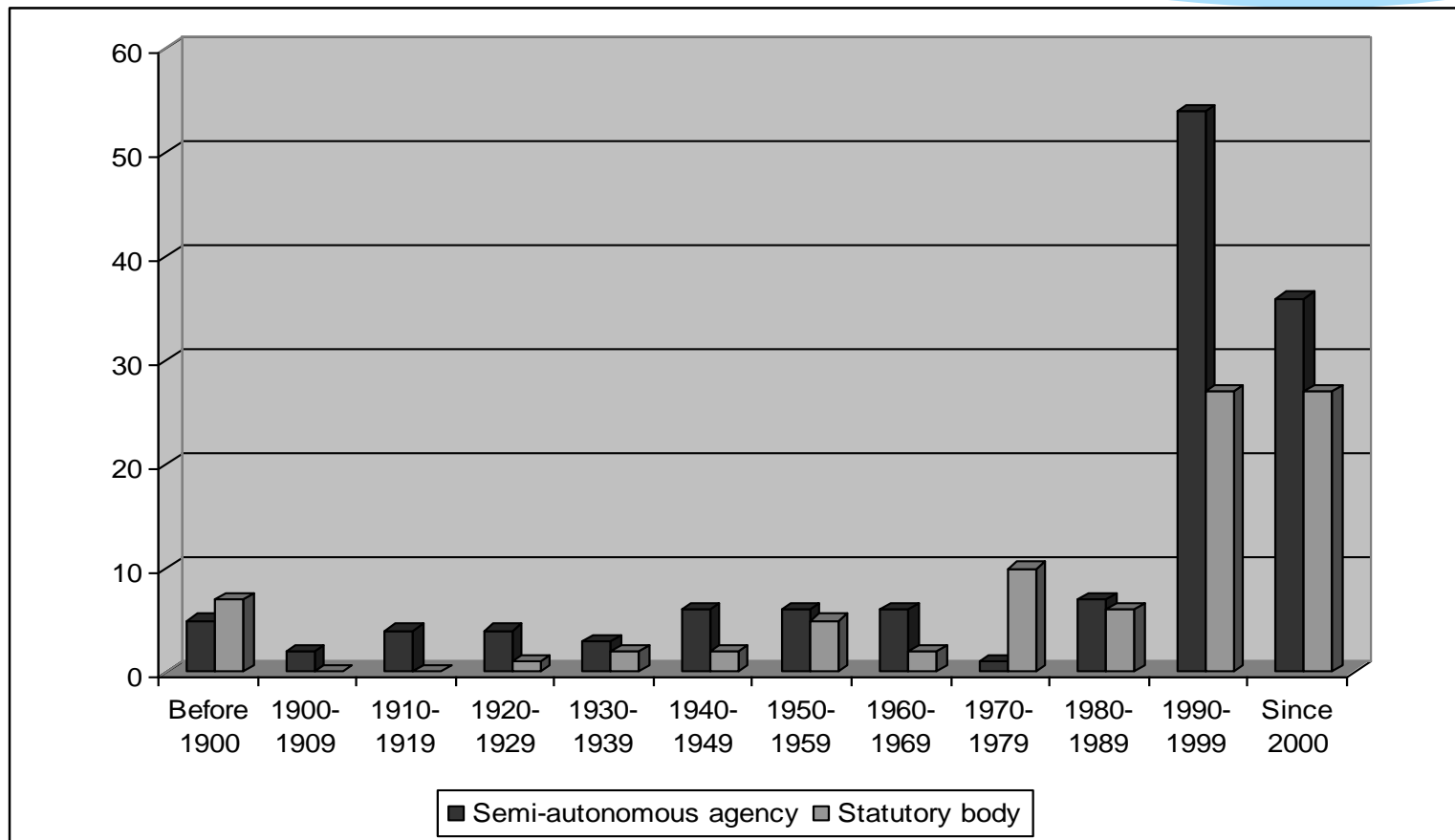
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Existing agencies in COST countries (predominantly European)

Source: van Thiel et al. (2009)

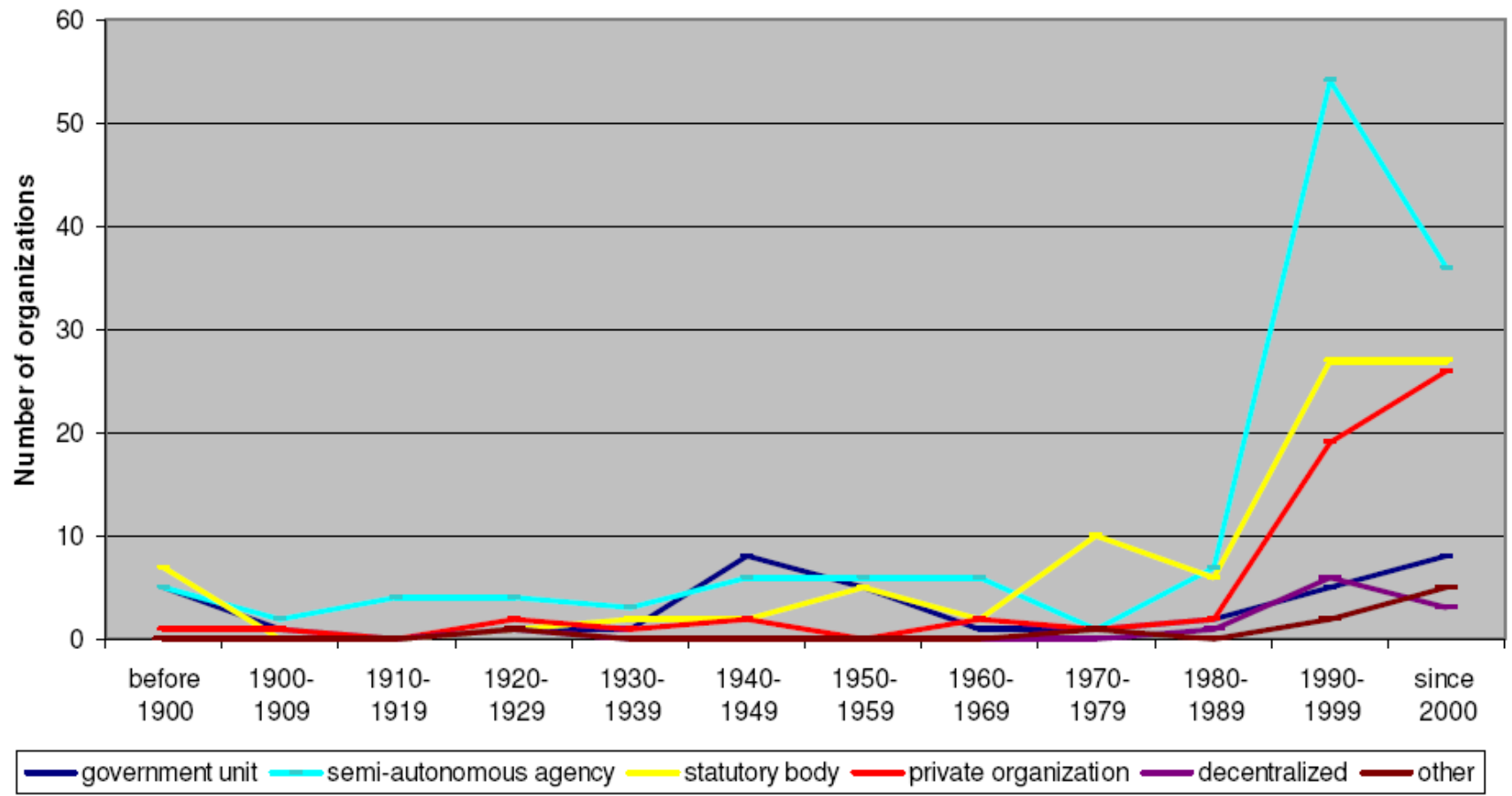


Varieties of agencification


- * Models of agencification adapted to meets needs and settings
- * No one best model
- * Variety of function, form, accountability, autonomy and governance
- * Few states adopted formal frameworks or criteria for creating or controlling agencies

Source: van Thiel et al. (2009)

Categories of organizations over time



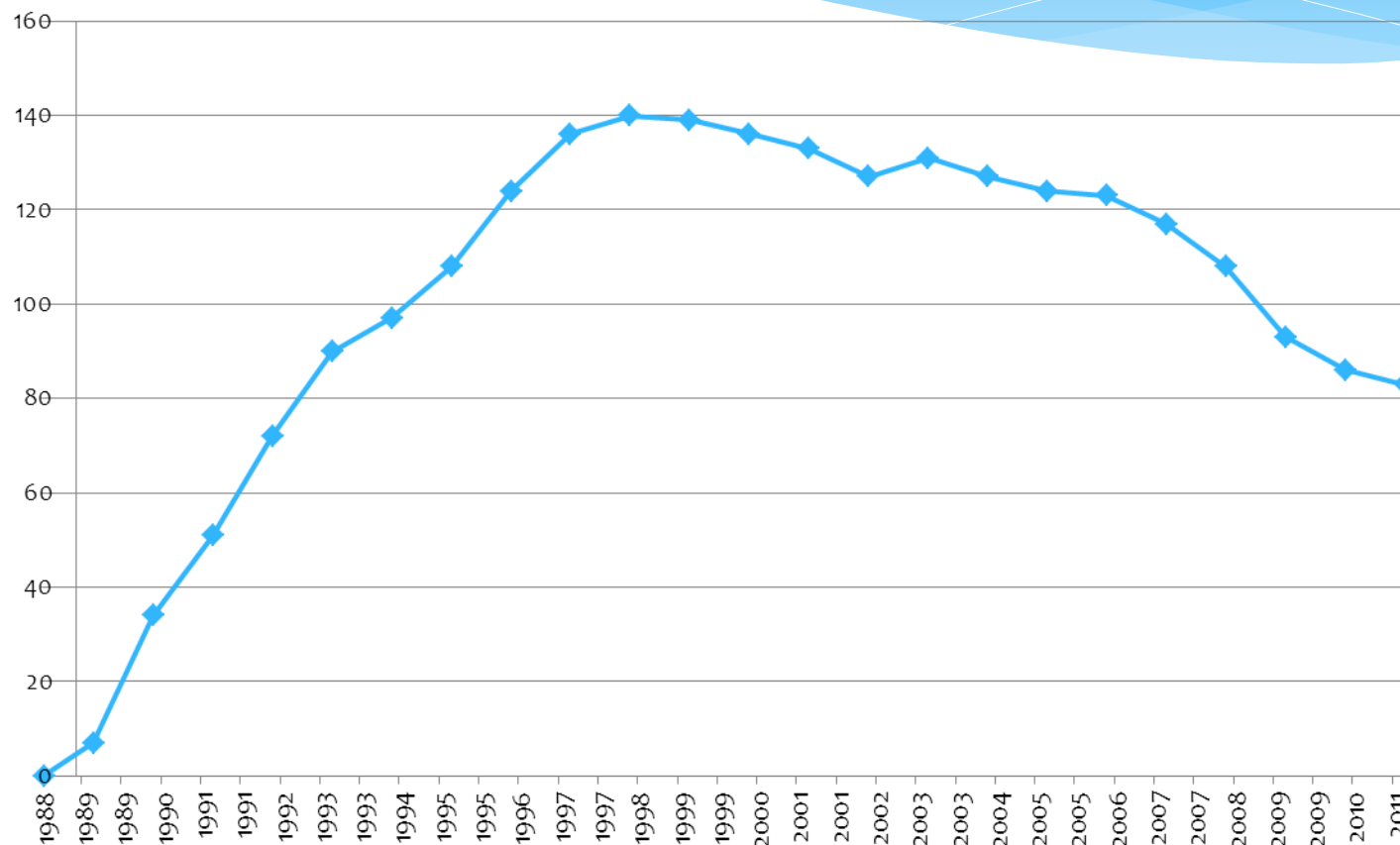
What's happening now?

- * Problems associated with agencification:
 - * Complexity and (perceived) absence of transparency
 - * Audit and accountability
 - * Policy fragmentation and duplication
 - * Implementation failures
- * Global Financial Crisis and cost of governing
- * Trust in Government
- *  New responses

How OECD states are responding

- * Recentralisation of controls
 - * Political
 - * Financial
- * Agency rationalisation programmes (UK, Ireland, Germany, CEE) but different approaches
 - * Closures/terminations
 - * Mergers, Absorptions
 - * Privatizations
 - * Shared services
 - * New co-ordination/performance frameworks
- * But again variety in scale and content, no single rationalisation model

Executive Agencies in UK: 1988-2011



Source: James et al. (2011), Project Grant: UK ESRC RES-062-23-2471

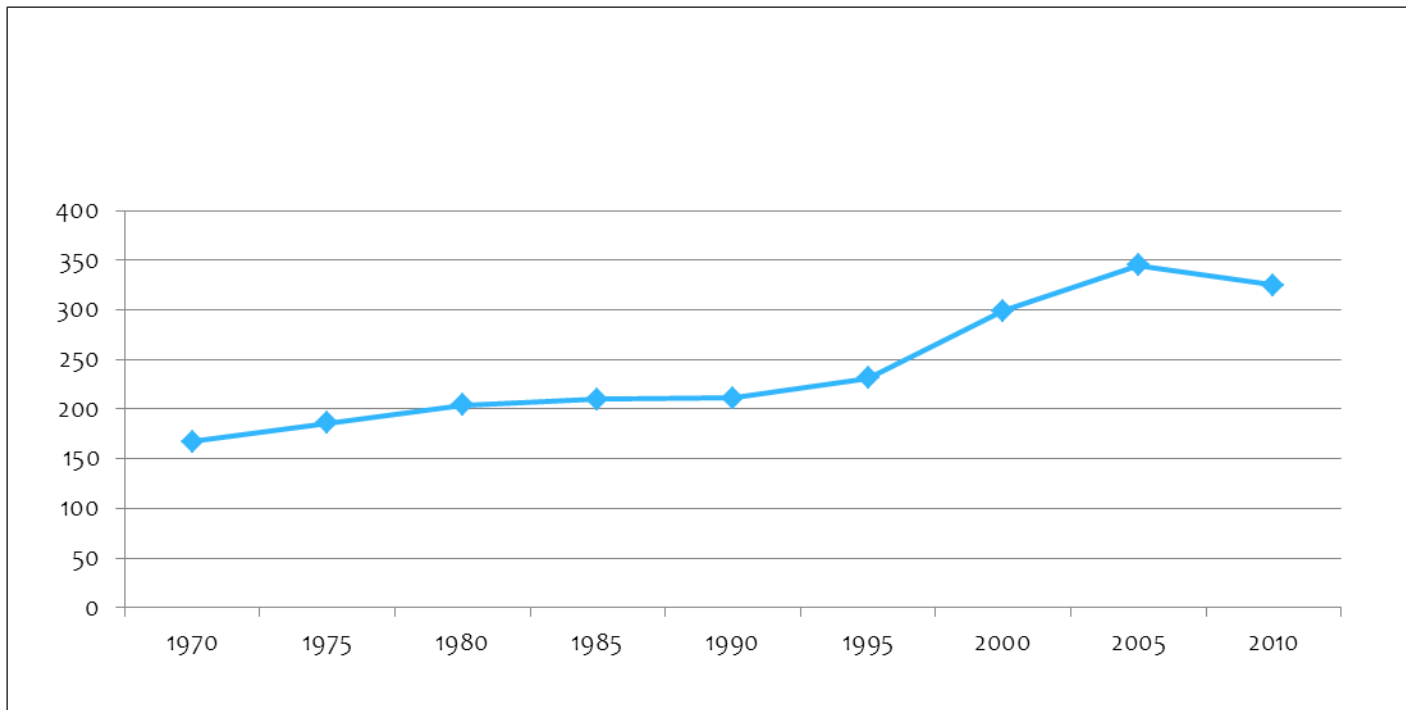
Why does agency termination occur?

UK case study: Dataset of executive agencies
from 1988-2011

Preliminary findings:

- *Performance against ministerial targets is not a key predictor of agency survival, except for those with especially high performance
 - *Political congruence between party creating & monitoring agency appears more important
 - *Public spending increases associated with reorganisation and termination
- ... Overall, in our preliminary analysis we find that in this context politics trumps performance in explaining agency termination**

Agencies in Ireland: 1970-2010

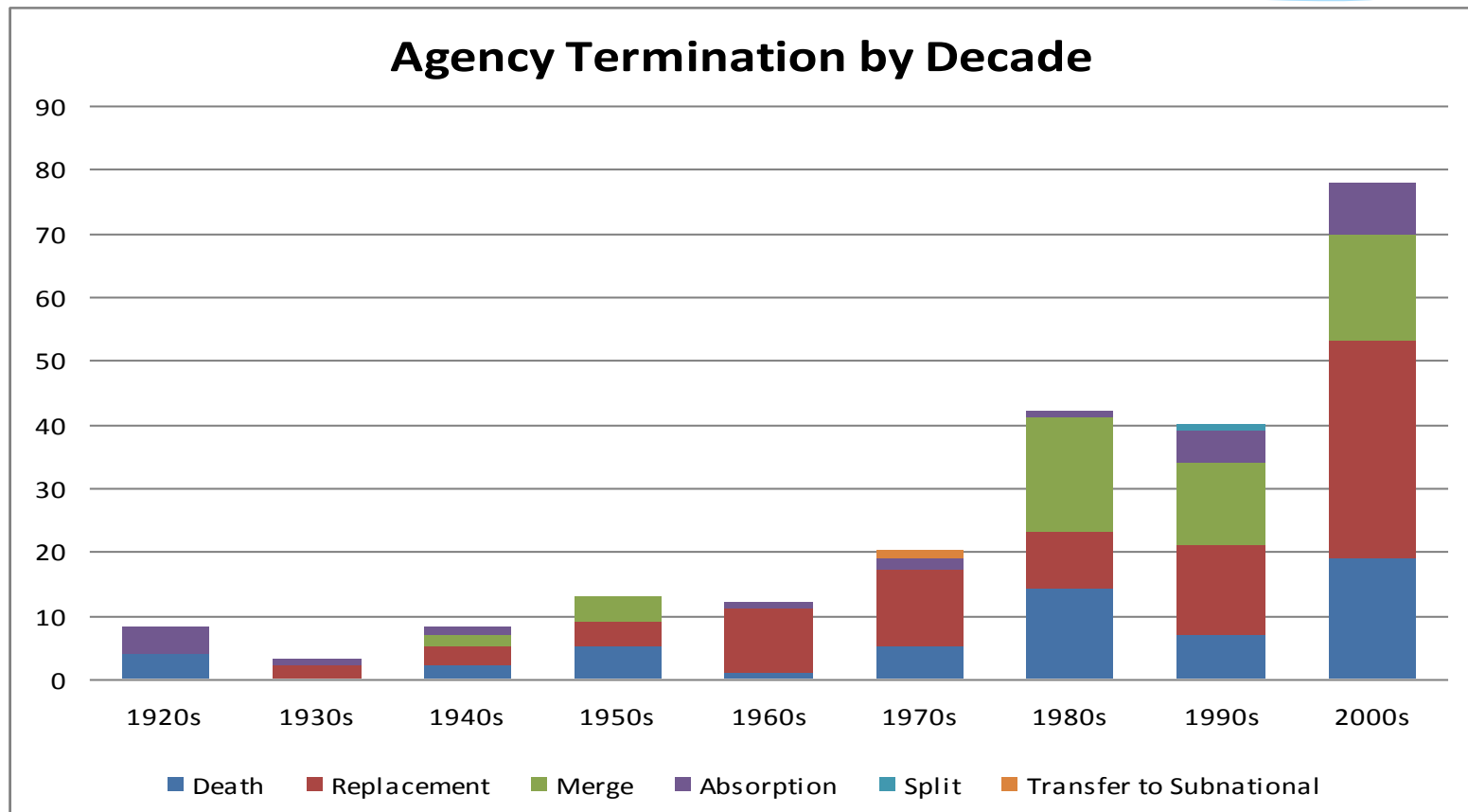


Underlying dynamics

- * Resource constraints
- * Closer alignment of policy with delivery
- * Enhance accountability
- * Political control of bureaucracy
- * Normal cycle of bureaucratic evolution: specialisation and integration
- * Retreat of the State?

Rationalization not new: Ireland

Source: Hardiman et al (2011)



Findings from research

- * Rationalization of agencies does not guarantee better performance or more coordination; the approach and criteria for the rationalization matter.
- * Beware of the costs of rationalization; consider alternative strategies to obtain more coordination of/between agencies.
- * Invest in a better coordination by improving the connection between policy and implementation, and between financial and performance information.

Rationalization challenges

- * Preparation of necessary legislation providing for any new agencies arising from mergers
- * Budget to allow for merging IT and other internal communications system
- * Accommodation
- * Logos and branding
- * Merging organisational cultures
- * HR issues: unified management, combining grading and pay structures

Policy Implications

- * Strategic planning/management systems
 - * Consolidate objectives and reporting
 - * Danger of becoming very bureaucratic
- * Better alignment of financial and performance information
 - * Parliaments play a role
- * Create incentives for cross-agency collaboration
 - * Cross-cutting targets
- * Provide fora for inter-agency and ministry engagement

Sources

- * Hardiman, N; MacCarthaigh, M & Scott, C. (2011) *The Irish State Administration Database* www.isad.ie
- * James, O; Moseley, A; Petrovsky, N. & Boyne, G. *Semi-autonomous Agencies and the Executive Agency Revolution in the United Kingdom* (2011) http://socialsciences.exeter.ac.uk/politics/research/public_policy/executive-agencies-project/index.php
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- * MacCarthaigh, M. (2010) *National Non-Commercial State Agencies in Ireland*. Institute of Public Administration State of the Public Service Series. Dublin: Institute of Public Administration.
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