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Mapping accountability changes in labour market administrations: from concentrated to shared accountability?¹

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Abstract

The article explores how recent changes in the governance of employment services in three European countries (Denmark, Germany and Norway) have influenced accountability relationships. The overall assumption in the growing literature about accountability is that the number of actors involved in accountability arrangements is rising, that accountability relationships are becoming more numerous and complex, and that these changes may lead to contradictory accountability relationships, and finally to ‘multi accountability disorder’. The article tries to explore these assumptions by analysing the different actors involved and the information requested in the new governance arrangements in all three countries. It concludes that the considerable changes in organizational arrangements and more managerial information demanded and provided have led to more shared forms of accountability. Nevertheless, a clear development towards less political or administrative accountability could not be observed.

Points for practitioners

Public organizations in many areas are confronted with and are using ever more and more sophisticated accountability measures to monitor and improve their performance. But many citizens still perceive them as being not accountable enough. These accountability problems are normally treated by recommending and establishing new and more accountability structures with more actors and information requirements and the assumption that these systems will lead to better output and outcome. At the same time there is a widespread fear that these new shared and fragmented accountability

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structures weaken established political accountability and legitimacy. The article explores these developments by comparing changes in accountability in labour market administration in three countries and finds that there is more shared accountability but at the same time no weakening of political and administrative accountability.

Keywords

accountability, Denmark, Germany, labour market administration, Norway, public employment service, welfare state reform

Introduction

In the past decade, labour market policies in many European countries have been subject to reforms under the label of 'activation' that can best be described as a combination of demanding and enabling strategies involving an increasing enforcement of labour market participation as well as more active labour market policies (Dingeldey, 2007; Eichhorst and Konle-Seidel, 2008). Furthermore, reforms in labour market policies have reflected wider changes in public administration systems through the adoption of new organizational and management practices that are often described as New Public Management reforms.

In addition, recent reforms have altered the boundaries between labour market and social policies and between central government, employment agencies and local government by establishing new forms of agencies and responsibilities. These reorganizations are sometimes seen as post-NPM or 'joined-up government' reforms.

All in all, recent reform approaches have created new governance systems that entail the formulation and implementation of labour market policies by networks involving public actors (politicians and administrators) belonging to different territorial and functional levels as well as various non-public actors (social partners, private providers, etc.). These new governance systems were introduced to produce technically more adequate solutions for the management of interdependence between various actors, and sometimes they were just the result of complicated political compromises, but they may have severe consequences for accountability relations. In the context of democratic legitimacy, accountability demands 'office holders to give reasons for their deeds and justify them; and they in turn enable the citizenry, if unconvinced, to punish office holders for what has been done' (Papadopoulos, 2003: 482). The pluralization of governance actors, so goes the assumption, poses problems of accountability and thus of legitimacy as it dilutes responsibility among a large number of actors and makes it more difficult for those affected by binding decisions to hold network members accountable by sanctioning them.

But is this true? Matthew Flinders has just recently criticized the ever-growing accountability industry and questioned 'the 'self-evident truth' that the transition from government to governance had complicated accountability relationships and

therefore politicians had become less trustworthy and bureaucracies less responsive, which meant that new forms of accountability were required (and any individual or organization that argued against this proposition was undemocratic and must have something to hide)' (Flinders, 2011: 609).

The overall assumption in the growing literature about accountability is that the number of actors involved in accountability arrangements is rising, that accountability relationships are becoming more numerous and complex, and that these changes may lead finally to 'multi accountability disorder' (Koppel, 2005). The aim of this article is a preliminary analysis of these assumptions. Do we find a change from concentrated to shared accountability, and if so, what are the consequences?

The article thus explores how the recent changes in the governance and organization of employment services in Denmark, Germany and Norway have influenced accountability relationships. It is structured as follows. First, we discuss and outline how to map accountability changes, followed by a brief description of the reform approaches in labour market administration in the three countries and a first attempt to map the resulting accountability changes. Finally, we discuss these accountability changes in a comparative perspective. The article is mainly based on a secondary analysis of the scientific literature on the reform trajectories in the three countries. However, past research on reforms in labour market administration has mainly focus on questions of efficiency, performance and control. Our analysis takes a new perspective on public sector reform and asks about the consequences of new service provision models on accountability relations and mechanisms.

A framework of accountability

To compare accountability relationships and especially developments across different policy fields and countries, we need clearly defined and operationalized concepts. Even though there is a plethora of typologies, operationalization is still weak. We take as our starting point the well-known definition of the concept of accountability suggested by Bovens:

A relationship between an actor and a forum, in which the actor has an obligation to explain and justify his or her conduct, the forum can pose questions and pass judgment, and the actor may face consequences. (Bovens, 2007: 452)

Thus, in principle, a comprehensive analysis of accountability relations in the labour market administration would require an assessment of who is accountable to whom, for what, through which procedures, what kind of arguments and justifications are provided and what kind of sanctions are available to the accountant. As this would go beyond the scope of this article, it is necessary to focus on specific aspects of the complex web of accountability and be explicit about which dimension of accountability and which perspective we are using to assess the term.

First, we have to clarify the concept of *actor*: Who is or should be accountable? We suggest differentiating between individuals (elected politicians, ministers, appointed officials, etc.) and corporate actors (ministries, agencies, interest groups, etc.). For our purposes we will only look at accountability of and towards corporate actors.

The second step is to look at the question of *accountability to whom*. Accountability can be rendered to a higher authority within a direct chain of command (vertical/hierarchical accountability) or to a parallel institution (horizontal accountability) that is outside of the hierarchical relationship (Scott, 2000). It is important to note that vertical accountability is characterized by the direct possibility of sanctioning the accountee, whereas horizontal accountability normally takes place in the shadow of hierarchy, i.e. the possibility to sanction relies on another hierarchical actor (courts are the obvious exception).

Here, we have to be careful not to stretch the notion of accountability inappropriately by encompassing relationships that fall short of genuine accountability. As Boston and Gill have argued convincingly:

... departments and other public agencies in parliamentary democracies are not generally directly accountable to citizens, voters, customers, clients, users and stakeholders. They are nonetheless answerable to them, at least in the sense of being responsive to their needs and interests, including, where appropriate, listening to their concerns, explaining government decisions, undertaking dialogue and providing information. In the absence of the ability to impose direct rewards and sanctions, no formal accountability relationship exists. (Boston and Gill, 2011: 218)

Following Bovens (2007), it has become commonplace to differentiate the question of accountability to whom with respect to the nature of the forum (political, legal, administrative, professional, social). These distinctions can be somewhat confusing since political accountability is, of course, also concerned about legal and professional matters. Legal accountability is not only a concern of courts or tribunals but also internally of political and administrative actors. Thus, different kinds of information concerning legality and fairness are part of political accountability, but also of other forms of accountability. Questions of legality and professionalism can thus be seen both as accountability for what (what kind of information?) or accountability to whom (what kind of forum?). These two dimensions are highly interwoven.

Concerning *accountability to whom* (fora) we distinguish thus internal/vertical and external/horizontal actors of the following types (see Table 1):

- *political (or electoral) accountability* towards elected politicians;
- *administrative (or bureaucratic) accountability* towards superior units, externally to auditors or inspectors;
- *legal accountability*, externally towards courts and tribunals (which may impose sanctions), internally again towards superior units;

Table 1. Descriptive framework for types and actors of accountability

Type	Internal actors/fora (vertical)	External actors/fora (horizontal)
Political (democratic)	Cabinet minister	Parliament parties
Administrative (bureaucratic)	Ministries, agencies, sections, divisions	Auditors, inspectors, ombudsmen
Legal	Ministries, agencies, sections, divisions	Courts, tribunals
Social (supervisory)	Boards of stakeholders, boards of governors	Interest groups, citizens, clients, independent evaluators, media
Professional	Experts, professional colleagues	professional organizations, peers

Source: Own compilation.

- *social (or supervisory) accountability* towards stakeholders, interest groups or customers. Externally, this includes instruments of non-binding citizen information and participation such as public reporting as well as citizen and stakeholder panels. Internally, there are boards which have to be informed and can suggest changes and sanctions;
- *professional accountability*, externally towards peers and professional associations and internally towards experts within the public sector.

In our analysis, we will focus on the internal actors and the corresponding – mostly formal – accountability structures, because they are fundamental to democratic accountability and legitimacy. Here, subordinate units have to account for the legal, financial and professional quality of their actions but also for their functional adequacy.

Our assumption is that in internal accountability we may see new internal actors involved, but especially new kinds of information demanded. While classical, ‘Weberian’ administrative accountability was very much concerned with legality and financial parsimony, modern ‘managerial’ accountability is more concerned with measurable outputs and outcomes.

If we look at the *what* of accountability, the kind of information provided or at least demanded, we can, following Bovens (2007), distinguish:

- *Legal or procedural information*, documenting whether formal regulations and rules, but also more informal norms of fairness, openness, etc., have been followed (the traditional concern with process and behaviour);
- *Financial information*, documenting the formal correctness but also the parsimony of all kinds of financial transactions using the tools of auditing, budgeting and accounting (the traditional concern with inputs); and
- *Functional (or product) information* to report and justify actions and performance (outputs and outcomes). This implies an understanding of how well a government unit has performed against expectations, but only recently has this been interpreted as being defined through measurable performance targets.

Following this framework, we will therefore try to answer the following research question: What kind(s) of *changes in accountability relationships* in the area of labour market policy can be observed in the last ten years? By ‘changes in accountability relationships’ we mean:

- Are there new corporate actors which have to justify their conduct (*new accountors*)?
- Are there new corporate actors which have to be reported to (*new accountees*)?
- Are there new forms of accountability, i.e. are there new or different kinds of information which have to be reported (*new information*)?
- Are there any shifts in the relationships between accountors and accountees (*new discussions and sanctions*)?
- Are there contradictory accountability relationships, can we observe *multi accountability disorder*?

Comparing changes in labour market administration in Denmark, Germany and Norway

In the following, we will provide a brief description of the most important reforms in labour market administration in the three countries. Our cases include European countries with well-established systems of passive and active labour market policies, and, in spite of their differences, all three countries have had a system with a clear distinction between employment insurance and social assistance including different regimes of active labour market policies and rather clear but separate lines of accountability. Since the beginning of the 2000s, these countries have been converging as they have pursued a shift towards activation policies and have initiated mergers and/or coordination reforms in order to tackle the internal fragmentation of their social security systems.

Denmark

The Danish employment policy underwent a profound change with the labour market reform of 1993. It marked ‘a paradigm shift and a fundamental break with the old paradigm of social-liberal passivity and non-interventionist unemployment policy. The safety net is being replaced with a trampoline’ (Bredgaard, 2001: 5). However, the changes in substantive and material policies resulted in changes in operational policy and organization only after some delay.

At the central level, the Ministry of Employment (*Beskæftigelsesministeriet*) was and is responsible for the formulation and coordination of labour market policies. The administration of benefits and the provision of services for the unemployed have been divided between a central employment service and the municipalities. The Danish system is unique concerning the role of the unemployment insurance funds. Unemployment insurance is based on a voluntary scheme administered by

state-recognized unemployment insurance funds (closely affiliated to the trade unions) (Madsen, 2009). Next to the unemployment insurance funds, a state-led public employment service had been created to take over the responsibility for job placements for the insured unemployed in 1969. Jobseekers that had exhausted their right to unemployment benefits or did not fulfil the criteria for becoming eligible for unemployment benefits received means-tested social assistance which is administered by the municipalities. The municipalities had created their own system of labour market services including education and training, especially for young people.

It was the structural reform of 2007, reducing the number of municipalities from 271 to 98, that opened a window of opportunity for a larger governance reform. The old 14 labour market regions were replaced by four employment regions each with a tripartite council (Madsen, 2009). However, the regions lost considerable power and now act as a mere oversight and monitoring body without control over the allocation of funds for active measures (Jørgensen, 2009).

At the municipal level, the reform implied the creation of new job centres – one for each municipality. The job centres have been responsible for both the insured and the uninsured unemployed and thus combined the tasks that were previously handled by the public employment service and the social assistance branch of the municipalities. Two organizational models for the job centres have been created: a small number (14) of pilot job centres where municipalities had full responsibility for all unemployed and joint job centres (77) in which municipalities and the public employment service worked together (Bredgaard, 2011; Larsen and Knuth, 2010).

In 2009, the right-of-centre government decided that municipalities should take over responsibility for activation measures for all unemployed. The responsibility for the job centres was fully transferred to the municipality but are subject to central regulation (Askim et al., 2011). As a consequence, the public employment service was abolished. The social partners are represented at all levels through employment councils, even though they now only have an advisory function (Weishaupt, 2011). However, the job centres act only as a one-stop shop for active labour market measures whereas there is still a separation of the administration of benefits into a two-tier system outside the job centre (European Commission, 2009). Figures 1 and 2 show the accountability arrangements before and after the reform.

Germany

Prior to the so-called Hartz reforms, Germany had a three-tier benefit system for the unemployed including unemployment insurance benefit and unemployment assistance, both administered by the Federal Employment Agency (*Bundesagentur für Arbeit*), and a social assistance administered by the municipalities (Eichhorst et al., 2010).

The Ministry of Employment was and is responsible for the overall objectives of labour markets policies and has the legal oversight of the Federal Employment Agency. The day-to-day work of the Federal Employment Agency prior to the reforms had been dominated by what is called ‘welfare corporatism’ signifying

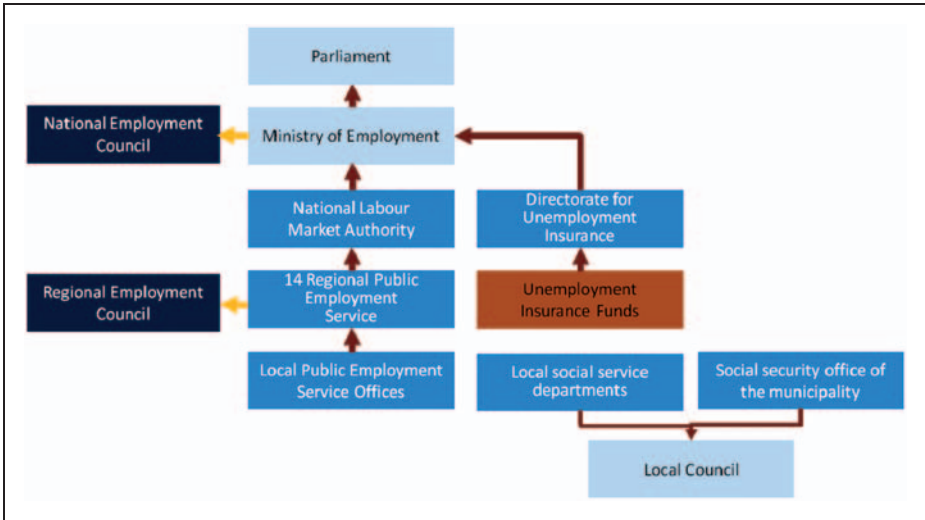


Figure 1. Organizational structure of Danish labour market policy before 2007
 Source: Authors' illustration.

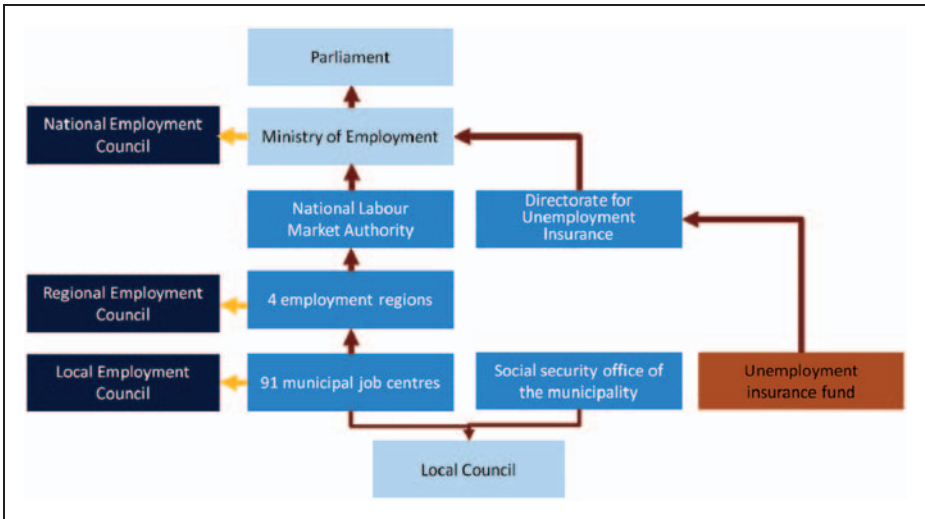


Figure 2. Organizational structure of Danish labour market policy after the 2009 reform
 Source: Authors' illustration.

the intensive involvement of the social partners. There were tripartite boards of governors at national, regional and local level, and a tripartite management board at the national level. The social partners had not only wide-ranging competencies in the supervision but, through the management board, also for operational, budget

as well as staffing policy. Totally separate from that, the municipalities had been administratively and also financially responsible for social assistance, the social net of last resort.

In 2002, the report of the independent Hartz Commission was the starting point for a package of reforms aiming at introducing activation policies, reforming the Federal Employment Agency and the benefit system (Jann and Schmid, 2004). The Federal Employment Agency now deals with recipients of the insurance-based unemployment benefit I (*Arbeitslosengeld I* – UB I) in newly created customer centres where the administration of benefits as well as the provision of labour market services is concentrated. The tax-funded unemployment benefit II (*Arbeitslosengeld II* – UB II) as well as active labour market services for all unemployed that are not eligible for UB I is usually administered in consortia, ‘employment associations’ (*Arbeitsgemeinschaften* – EAs) where the Federal Employment Agency is working together with the municipalities. The EAs were established through a contract between the local authority and the local Agency for Work, and the responsibilities for tasks and funding within them are clearly separated. Furthermore, 69 municipalities had been licensed to administer the UB II on their own; the so-called opt-out municipalities (*Optionskommunen*).

Besides these changes, the internal governance structure of the Federal Employment Agency has also been reformed. The social partners have lost any influence on operational policies of the Federal Employment Agency as the day-to-day business has been transferred to a full-time management board. The social partners are still members of the board of governors at the central level which is the main monitoring body and in the administration committee at the local level, but at the regional level they are no longer involved at all. With respect to the operation of the employment associations, the Federal Ministry contracts the Federal Employment Agency as delivery agency and negotiates strategic targets directly with the management board. The board of governors – and thus the social partners – play literally no role (Weishaupt, 2011).

Right from the start, the EAs as well as the opt-out municipalities have generated steering and control problems as the Federal Ministry as well as the Federal Employment Agency had only limited competences to intervene in the daily operations at the municipal level. Furthermore, the organizational model of the EAs was declared unconstitutional by the Federal Constitutional Court in 2007. In 2011, a reform became effective that anchored the consortial model within the constitution under the new term ‘joint facility’ (*Gemeinsame Einrichtung*).² In the subsequent legislation, two new committees for the steering and control of the joint facilities have been introduced:

- A coordination committee at the state level; and
- A Federal-State committee at the federal level.

Figures 3 and 4 show the accountability arrangements before and after the reform.

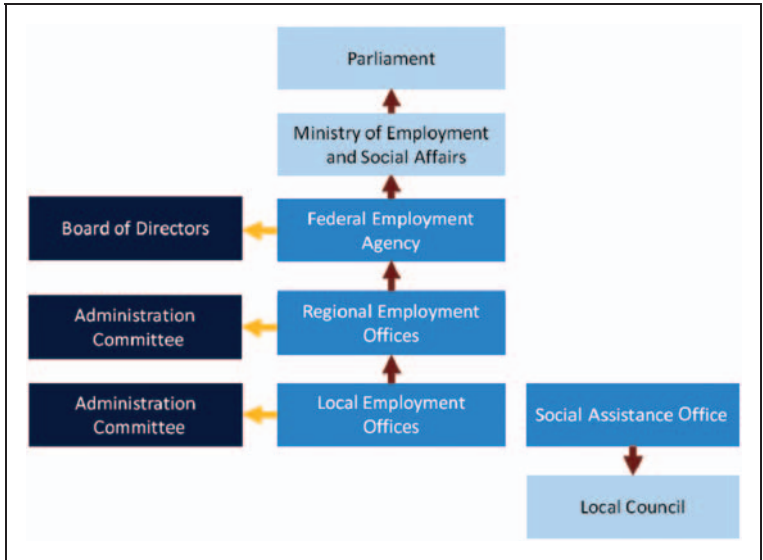


Figure 3. Organizational structure of German labour market policy before the Hartz reforms
Source: Authors' illustration.

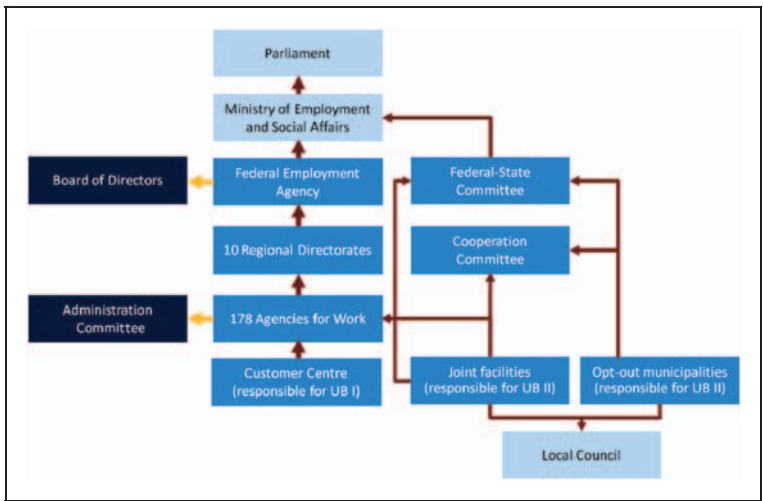


Figure 4. Organizational structure of German labour market policy after the Hartz reforms
Source: Authors' illustration.

Norway

Norway has a two-tier benefit system for the unemployed (unemployment benefit and social assistance), whereas, until 2006, there had been a division of labour between the National Insurance Service (*Trygd*), the National Employment Service (*Aetat*) and the social welfare services at municipal level (Christensen et al., 2007). The National Insurance Service has been responsible for the provision of welfare benefits in the case of unemployment; organized within a strongly decentralized structure (Duell et al., 2009). The National Employment Service was the main provider for active labour market measures and was organized into regional and local offices (Christensen et al., 2007). People not covered by the social insurance system can receive means-tested social assistance, financed by the municipalities and central government grants.

Ministerial responsibility has been divided between the Ministry of Social Affairs supervising the National Insurance Service, the Ministry of Labour and Administration responsible for the National Employment Service and the Ministry of Local Government and Regional Development in charge of the regulation of local social assistance. In contrast to Denmark and Germany, the social partners are not formally involved in the administration and implementation of labour market policies.

The fragmented welfare structure had been criticized in particular for its inadequacy when dealing with multiservice clients who had to visit many different public offices to claim their benefits (Christensen and Læg Reid, 2011).

In 2005, the Storting approved the merger of the Insurance Service and the Employment Service into a single central agency for employment and welfare (NAV). The reform profited from the fact that the responsibility for insurance administration, national employment services and the regulatory responsibility for local social services have been integrated into one ministry for the first time, the new Ministry for Labour and Social Affairs³ (Fimreite and Læg Reid, 2009). At the municipal level, a local partnership between the new agency and local social services was introduced. The local NAV offices are a one-stop shop system where the NAV services are integrated into the local government social services (Fimreite, 2011). The partnerships are laid down in local agreements between the regional NAV offices and individual municipalities and are based on the following principles (Christensen and Læg Reid, 2010):

- Partnerships are compulsory by law and mandatory for all municipalities;
- The welfare office should be a joint front-line service;
- Management at the welfare office could be either joint or dual, with one manager from the municipality and one (representing the government) from NAV; and
- On the municipal side, welfare offices should at least provide financial assistance, financial advice and housing for the homeless.

However, even though most NAV offices have introduced joint management procedures, budgets, regulation and competences are still separate (Askim et al., 2011). In 2009, a reorganization of the reform took place when 37 so-called administrative units were established at the regional level to handle standardized services. The main arguments were that regional units provided an opportunity to increase the quality of casework (Christensen and Læg Reid, 2011). Figures 5 and 6 show the accountability arrangements before and after the reform.

Discussing accountability changes

In the following, the changes in the accountability structures that resulted from the recent reforms in the three countries will be discussed. As explained in the introduction, we will focus on internal, vertical accountability within the public sector. Our main questions thus are who is accountable to whom, which kind of information should be provided, have accountability relations changed and to what effect?

Who is accountable?

In all three countries, the organizational reforms have created new administrative actors for the implementation of labour market policies which can or at least should be held accountable for their activities and their results. There has been an attempt to reduce the number of implementing actors (and thus accountors) and to create 'one-stop agencies', but with different outcomes.

In Denmark, the local job centres are now the main actor for the provision of active labour market measures. What is striking in comparison to the other two countries is that there is still a divided responsibility for the disbursement of benefits and the provision of active labour market services. But for the implementation of active labour market measures, there is only one local actor. Accountability should thus be easier than before, because it is clear who is to blame for failures and missing results. Before the reform, Danish employment policy suffered from uncoordinated efforts of the central Public Employment Service and the local social service departments, resulting in 'substantial compliance gaps between government objectives and local implementation' (Bredgaard, 2011: 765). The organizational reform can thus be seen as an attempt of central government to regain control and strengthen the accountability structures in labour market policies.

In Germany, on the other hand, the merger of unemployment assistance and unemployment benefits has resulted in a hybrid organizational structure with 'joint facilities' and 'opt-out municipalities' providing services for the recipients of unemployment benefit II. At the same time, there is a parallel system of 'customer centres' for the recipients of unemployment benefit I. Different local organizations are responsible for different sets of unemployed and in different local settings. The variety of organizational forms as well as the inclusion of different government levels makes monitoring and assessment of the performance of the different operating units more difficult. Concerning the administration of unemployment benefit II and the

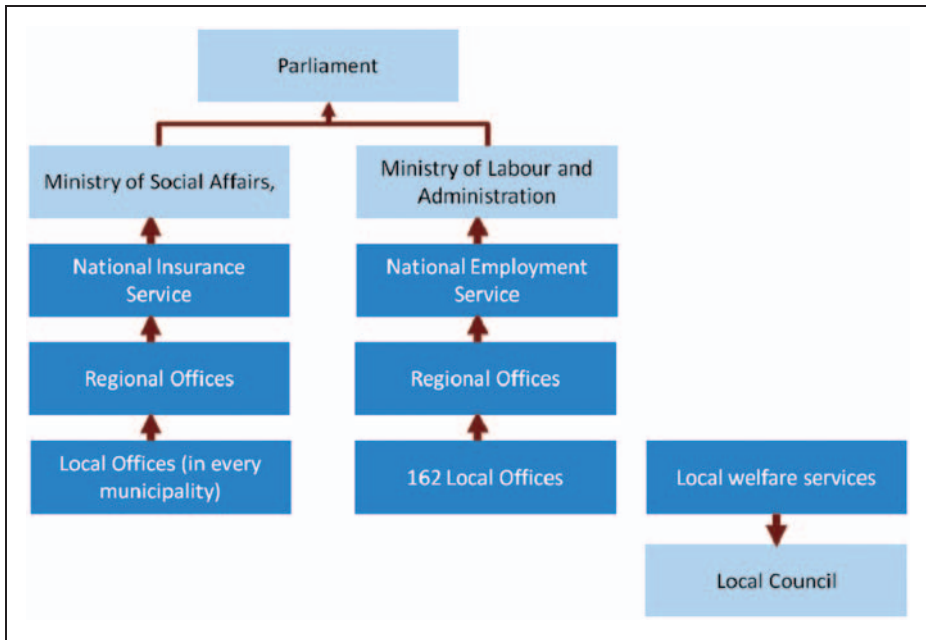


Figure 5. Organizational structure of Norwegian labour market policy before the NAV reforms

Source: Authors' illustration.

provision of activation measures to long-term unemployed in particular, different personnel systems and organizational cultures had to be integrated, whereas the influence of the Federal Ministry or the headquarters of the Federal Employment Agency is rather limited. Hence, accountability problems have increased in Germany, especially regarding the opt-out municipalities, as it has been difficult to establish a common data base between the Federal Employment Agency and the opt-out municipalities because of differences in IT systems. The ministry responsible, the Ministry of Labour and Social Affairs, has only limited supervisory authority over them because they are subject to the jurisdiction of the state governments. Some observers speak of a system of organized irresponsibility (Schmid, 2006) resulting in a situation where the Federal Employment Agency and the local units as well as central, state and local governments try, again, to pass on costs, blame and difficult clients and tasks to each other (Eichhorst et al., 2010).

In Norway, a complete new organization has been created which bundles the services of two central agencies and the local level, even though the functions and responsibilities of the local level and the central agency within the common NAV office are clearly separated. Furthermore, a new ministerial arrangement has taken place combining the responsibility for social insurance and employment services. The new organizational model represents a mixture between ministerial

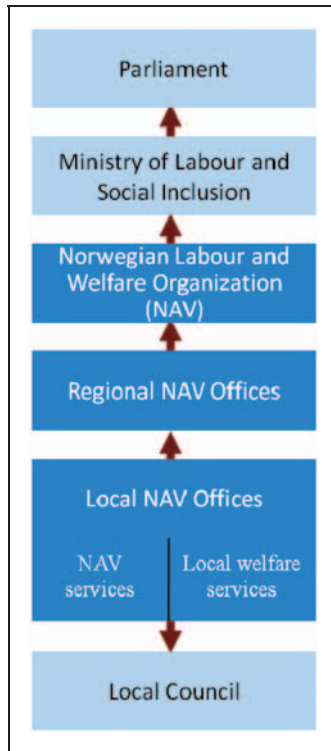


Figure 6. Organizational structure of Norwegian labour market policy after the NAV reforms

Source: Authors' illustration.

responsibility and sector specialization on the one side, and local self-government and territorial specialization on the other side (Askim et al., 2011: 9). However, the challenge remains to balance accountability to central government and accountability to the local council. This implies an in-built inconsistency of the NAV reform as the simultaneous strengthening of political control of the central and the local level is difficult to achieve (Christensen and Læg Reid, 2011).

To summarize, all three reforms have led to the increasing role of local actors in the implementation of labour market policies. This should lead to increased accountability of these actors. However, the increased importance of local actors is not without conflict as there are tensions between greater flexibility for local actors and accountability. Typical problems involve contradictions between overriding national policy objectives and local interests as well as misallocation of funds if vertical fiscal transfers are not aligned to performance criteria. Furthermore, accountability for performance is difficult as the variety of organizational forms makes comparisons more difficult (Mosley, 2009).

Accountable to whom?

In all three countries, the respective central ministry at the end of the chain of accountability and local governments at the local level are still the most important actors in terms of political accountability. The changes of recent years in all three countries imply elements of decentralization and better coordination of the formerly two- or even three-tiered systems. Generally, this should result in more discretion for local actors (independently if deconcentrated or decentralized) to provide tailor-made activation programmes for the local community and so to a reduced accountability to political actors. But all three reforms can also be viewed as central state attempts to better control and steer the implementation of active labour market policies as well as of strengthening accountability relations to the respective ministry.

In Denmark, the transfer of competencies for active labour market measures to local job centres has been accompanied by the introduction of a strong central system of Management by Objectives and benchmarking as well as by the shifting of financial risks to local governments. The Ministry of Employment defines a number of performance goals every year which should be met by the local job centres. Local governments can then add several additional local priorities which are, together with the national priorities, included in a local employment plan. The local job centres are monitored regularly by the employment regions (a central state body). If the local job centre is underperforming as regards the national targets, the ministry can contract services to private providers (Bredgaard, 2011; Larsen and Knuth, 2010). The second gateway of central control is the new financing mechanism for unemployment insurance introduced in 2010. The municipalities became economically responsible for the payment of the state contribution to unemployment insurance which is reimbursed by central government according to performance indicators. In fact, municipalities are compensated for regional fluctuations in unemployment which means that the performance of a municipality is benchmarked against the performance of other municipalities in the region. Furthermore, incentives have been created to bring the unemployed into activation measures meaning that the compensation of the municipality depends on the activation status of the unemployed. The municipality is reimbursed 75 percent when people are in activation, 50 percent when they are not in activation and 0 percent if they are not in activation but are supposed to be according to the law (Andersen, 2011). Consequently, accountability from the local job centre to the ministry has increased rather than diminished while shifting the blame for misconduct onto the local job centres at the same time:

Especially the integration of the PES and municipalities in new local job centres implied two opportunities: To escape operational responsibilities in the running of PES system and to gain strategic control over the implementation of municipal employment policies. (Larsen and Bredgaard, 2009: 57)

In Germany, the 'joint facilities' as well as the opt-out municipalities are 'Servants of Two Masters'. The joint facilities are accountable to the local council and to the respective regional employment agency, which is accountable to the headquarters of the Federal Employment Agency in Nürnberg. The ministry at the end of the chain negotiates yearly objectives for unemployment benefit II with the Federal Employment Agency. The opt-out municipalities have until now not been accountable to the central level, even though they receive most of their budget from there. Since the beginning of 2011, however, a new accountability mechanism has been created making the opt-out municipalities accountable not only to the respective local council but also to the Länder level. Every opt-out municipality has to negotiate objectives with the responsible ministry at the Länder level, which in fact introduces a new level of actors (accountees). The Länder ministries in turn negotiate objectives with the Federal Ministry of Labour and Social Affairs. The situation is less complex for unemployment benefit I where a continuous accountability chain from the customer centre of the Federal Employment Agency to the Federal Ministry can be observed, but there is no direct accountability to local actors or the Länder. To sum up, a complex Federal-Länder chain of accountability has evolved parallel to the traditional system of the Federal Employment Agency. Political accountability is thus very complicated and blurred as all levels of government (central, regional and local) are involved.

In Norway, the situation of two political masters also prevails within the local NAV office. The ministry is responsible for setting the overall objectives, and NAV can then add its own targets for its regional offices, and finally, all local offices will get a set of performance indicators (attached to the budget allocation) they need to meet. So there is a direct accountability chain from the local office to the ministry. However, Norwegian municipalities are independent political units which means that the objectives defined by the ministry or the NAV agency have no influence on local services provided within the local NAV office. The NAV reform has not changed the accountability structure of the central government and the local municipalities, and to this extent, the merger has remained incomplete. However, the restructuring of the ministerial portfolio establishing the new Ministry of Labour and Social Inclusion has created a unified political actor for labour market policy at the central level.

Administrative accountability in all three countries has been strengthened through new standards as well as through Management by Objectives systems based on performance information and benchmarking. This development has been accompanied by the new importance of the internal controlling functions within labour market administration. As productivity and efficiency are now emphasized as organizational objectives, controllers as well as controlling practices have tended to gain new importance. Next to this, intra-organizational contracts in public employment services between the central, regional and local levels have been introduced in all three countries to further strengthen administrative accountability with more or less strict procedures for setting targets, monitoring and imposing incentives and sanctions such as performance-related pay for managerial staff.

This also implies a reduction in professional accountability as the internal professional – more informal – control and evaluation practices are supplemented by standards, targets and benchmarking exercises. Two more or less incompatible accountability mechanisms are at work, i.e. individual autonomy and discretion for the professionals at the street level versus organizational control.

In both countries where social partners had considerable influence on labour market policies, i.e. in Denmark and Germany, their influence has diminished and so has supervisory accountability. In Denmark, their role has been reduced especially at the regional level to an advisory function but without influence on the day-to-day business. In the old labour market regions, the social partners have been actively involved in the planning and budgeting of active labour market services. At the local level, however, they are represented in the new Local Employment Councils (LECs) advising the local job centres and assisting in the preparation of the annual employment report since 2007. The LECs' composition is regulated by law and includes up to three members appointed by the Employers' Confederation, up to five members appointed by the labour unions, and up to four members of other local associations (Weishaupt, 2011). This new organizational structure implies a reduced role for the tripartite councils at the regional level, and at the same time the establishment of local employment councils in each municipality is giving the social partners a higher influence there, albeit they are now only one actor among many.

In Germany, the influence of social partners has been reduced to a pure monitoring function within the insurance-based system of unemployment benefit I. Regarding unemployment benefit II, they play hardly any role, even though with the latest amendments, local advisory boards with the participation of the social partners have been made compulsory for all joint facilities and opt-out municipalities.

Accountable for what?

Regarding the question of *accountability for what* we are concerned with the information requested and provided, i.e. the dimension of procedural, financial and functional or performance accountability.

Perhaps surprisingly, since these reforms have been characterized as managerial, NPM-style reforms, procedural accountability has been increased in all three countries, mainly through the introduction of profiling systems and rules for case management, the categorization of the unemployed into matching categories and the standardization of contact interviews. This includes front-line workers needing to work with prescribed schedules for client contacts, the frequency of client contact being regulated and the details of the activation strategy having to be fixed in a client contract. These client contracts between the labour market administration and individual clients usually stipulate the terms of reintegration agreements and their rights and duties. In general, the flexibility and discretion of the case worker and thereby the discretion of local offices (and professional

discretion) have been diminished. Thus, centrally defined procedures for methods and instruments can be seen as part of a centralized attempt to control local units (Larsen and Knuth, 2010).

Financial accountability has changed as economic incentives are increasingly used in order to steer service provision within active labour market policies. In Denmark, central government provides a higher reimbursement to municipalities for benefits paid to the unemployed that are in activation over those 'passively' receiving benefits. This has created an important economic incentive to promote activation. Furthermore, this incentive strategy also has been used to prioritize specific types of activation measure (higher reimbursements for specific measures). The same is true in Germany, where the spending on different labour market instruments such as qualification schemes now depends on the success of these measures.

Next to the changes in procedural and financial accountability, in all three countries, systems of Management by Objectives have been introduced. Even though the systems differ, they share the idea that a 'principal' – typically the central ministry responsible for labour market policies – sets rather broad overall policy goals (like the reduction of the number of benefits claimants by X percent). These targets are then operationalized into quantifiable sub-national targets for regional and local labour market authorities, which again are monitored and regularly reviewed. The emphasis is on outputs or outcomes rather than on controlling inputs and adherence to detailed regulations. However, the extent to which this process is hierarchical or consensual varies greatly across the three countries. Whereas negotiations play a strong role in Norway (Christensen and Læg Reid, 2011) and to a lesser extent in Germany, in Denmark local actors appear to have little or no flexibility in the determination of local performance targets (Bredgaard, 2011).

Yet until now we have known very little about how and whether this kind of information is used, and whether it is used mainly by administrative actors, thus strengthening administrative accountability, or also by elected politicians, and if that were the case, at what level. Furthermore, it is not apparent whether these performance systems create adverse incentives for the different actors such as creaming or ratchet effects. At least, however, there is no suggestion that democratic, political and administrative accountability has really been diminished through these reforms. But there can be no doubt that these 'new pieces of information', as contested as they may be, create new discussions and communications between accountors and accountees, and also lead to new forms of sanctions, at least in Germany and Denmark.

Conclusion

Our analysis has shown changing accountability arrangements in labour market administration in all three countries and within all three analytical dimensions (who is accountable, to whom and for what) but the results are somewhat ambiguous.

Some observers have labelled the 'setting up of the Norwegian Labour and Welfare administration (NAV) between 2006 and 2010 . . . one of the most radical coordination initiatives adopted in Europe' (Champion and Bonoli, 2011: 325). However, we only see minor changes in the accountability arrangements in Norway as the fundamental separation between a central agency reporting to the ministry and the local administration reporting to local government has remained intact.

In Denmark, by contrast, the reform has been more radical creating a unified actor, at least for active labour market services (the local job centres), who is accountable to the central ministry as well as to the local government. Central control is ensured through close monitoring of the performance of local job centres and financial incentives.

The German approach can be classified as a hybrid between the two other cases as it combines a stronger unified structure (unemployment benefit I) with a more complicated partnership model (unemployment benefit II).

Concerning accountability for what, the central promise of New Public Management would suggest that oversight and supervision is focusing less on compliance with procedures and more on programme outcomes so that front-line workers have more flexibility but must report the results of their work. However, this does not seem to be the case. In all three countries, more or less sophisticated systems of Management by Objectives have been introduced, but the shift toward performance measurement is not universal. Numerous procedural and financial requirements have remained in place and new procedural standards for case management have been introduced. It remains an open question if the different accountability requirements are complementary or contradictory, i.e. that being accountable in one form requires compromises of other sorts of accountability (Sinclair, 1995).

If we look at the main actors or fora of internal and external accountability (see Table 1), we see surprisingly few changes. Concerning internal, vertical accountability there is no clear evidence that political or administrative accountability have radically changed. In all three countries, political accountability remains in place as does administrative accountability along clear lines of responsibility. Internal supervisory accountability has decreased as the traditional strong role of corporatist actors has been diminished. Finally, internal professional accountability to informal standards of behaviour is diminishing, mainly through more detailed, procedural rules limiting professional discretion.

All in all, there is more shared accountability in all three countries as an attempt has been made to better coordinate the formerly clearly separated systems of unemployment benefits and social assistance. In order to tackle the problem of unemployment and to activate the jobseekers, the central employment agency and the social administration in the municipalities are supposed to collaborate in one-stop centres, or as in the Danish case, a complete municipalization has taken place. This implies shared accountability to the local as well as to the central level. We have found, at least so far, no evidence that overall accountability has diminished

or blurred, even though we can observe gains and losses in influence and power as a result of the reforms.

But shared accountability has its problems and can lead to joint irresponsibility. As Boston and Gill have argued

... shared accountability under joint working can obviously generate a number of problems with rectification because of the lack of clarity about who exactly is responsible when things go awry. In such situations, the parties may engage in buck-passing and blame-shifting. ... Other problems may arise if the different principals to whom the various agents are accountable have differing expectations about performance, contrasting subordinate goals, or different information and reporting requirements. (Boston and Gill, 2011: 240f.)

So, future research should address in particular the question of how exactly public organizations perceive, order, and handle multiple accountability pressures and how different fora are dealing with the information they receive, i.e. what are the mechanisms of debate and sanctioning and their results, in more detail. In addition, the article has its focus on formal accountability relations, but as Romzek et al. (2012: 442) have emphasized, especially in the networks setting, 'informal accountability is likely to be at least as important to effective network operations as formal accountability mechanisms'. Furthermore, it still remains an open question whether and how accountability systems can make a positive difference. It has been argued that 'too much accountability can be as problematic as too little' (Flinders, 2011: 595), so, finally, we need more empirical knowledge about the effects of different accountability arrangements on organizational performance.

Notes

1. This article is a revised version of a paper presented at the workshop 'Researching Accountability – Conceptual and Methodological Challenges' which was held at the European Studies Centre at Oxford University from 16 to 17 December 2011. We would like to thank the organizers and participants of the workshop as well as Anne Lise Fimreite and Flemming Larsen and two anonymous reviewers for their helpful comments.
2. Furthermore, the opt-out municipalities have also been anchored within the constitution (Art. 91e GG). However, their number is restricted by law to 110.
3. Renamed in 2006 as the Ministry of Labour and Social Inclusion, and again renamed 2009 as the Ministry of Labour (*Arbeidsdepartementet*).

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