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MANAGEMENT CONTROL,
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ACCOUNTABILITY, AND
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LEARNING IN PUBLIC SECTOR
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ORGANIZATIONS: A CRITICAL
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ANALYSIS
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ABSTRACT

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Purpose − In the past decades, Dutch public sector organizations
(PSOs) have been encouraged to become more "business-like" in their
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internal control and accountability processes, following a more general
trend toward New Public Management (NPM) in Western societies.
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However, in the Netherlands, this trend has met with increasing resis-
tance and discontent among public sector professionals. In this chapter, a
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framework is developed that enables these public sector professionals
themselves to discuss and reflect on their internal control and account-
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ability processes, and possibly to effect changes in it.

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Methodology/approach − The chapter contains a critical analysis of
existing research on management control, accountability, and learning in
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PSOs and describes a reflection and discussion session with a group of

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senior staff employees at a Dutch university, employing the framework developed in this chapter.

Findings − *It is argued that, generally speaking, the "business-like" approach of NPM does not appear appropriate for most public sector activities and may even negatively affect accountability and learning in PSOs.*

Social implications − *The chapter critically assesses the impact of NPM on PSOs and provides an alternative to NPM in the form of experimentalist governance, with possible positive implications for the effectiveness of public sector activities.*

Originality/value − *This chapter is among the first to adapt a framework, developed for scientific and descriptive use, for more practical and prescriptive purposes, that is, as an instrument for public sector professionals to discuss and reflect on their internal control and accountability processes.*

Keywords: Management control; public accountability; organizational learning; New Public Management; experimentalist governance

INTRODUCTION

In the past decades, public sector organizations (hereafter PSOs) in the Netherlands and most other developed countries have shown a marked development in the direction of more "business-like" ways of working, managing, and controlling, a development known under the terms "Reinventing government" (Osborne & Gaebler, 1992) and "New Public Management" (Diefenbach, 2009; Hood, 1995, hereafter NPM).

Recently, however, resistance against these NPM ways and methods has grown in the Netherlands. In December 2011, seven appellate court judges issued a Manifesto in which they criticized the ways in which the judiciary increasingly came to be managed as a "biscuit factory, guided by output requirements and hour prices." Within a few weeks, the Manifesto was signed by 700 of the 2,500 Dutch judges, a major signal from a normally quiet and detached group of public sector professionals. Identical developments occurred at Dutch universities, where the metaphor of the "biscuit factory" was invoked as well to criticize "academic forced labor" and

1 "narrow efficiency operations." Here dissatisfied professors, staff, and students joined forces in critical movements called Science in Transition and
3 The New University, even leading to an occupation of university buildings in Amsterdam in Spring 2015. In March 2015, a group of general practi-
5 tioners issued a Manifesto against "product thinking" and "forced competition" in primary health care, which four months later was signed by 7,845
7 of the 11,345 general practitioners in the Netherlands. In other Dutch PSOs in the fields of public housing, police and law enforcement, and
9 juvenile care, similar complaints were fielded.

These complaints from practitioners about NPM are empirically corro-
11 borated by research in the fields of public and business administration and management control,[1] which as a rule finds many dysfunctional effects of
13 NPM (e.g., De Bruijn & Van Helden, 2006; Frey, Homberg & Osterloh, 2013; Groot, 1999; Jansen, 2008; Mak, 2008; Osborne, Radnor, Kinder &
15 Vidal, 2015; Speklé & Verbeeten, 2014; Teelken, 2012; Ter Bogt & Scapens, 2012; Tonkens, Hoijtink & Gulikers, 2013; Verbeeten, 2008; Walker & Van
17 der Zon, 2000; Yesilkagit & De Vries, 2002). However, most of this literature is descriptive and mainstream in nature. Consequently, it does not
19 offer concrete prescriptions to practitioners *themselves* to reflect on their situation by asking questions like: which type of control is most
21 suitable for the activities in my organization? Which type of control is actually applied to those activities? What are the effects of this actual type of
23 control on the activities in this case? These questions are important, because the (lack of) fit of control systems has major consequences for
25 organizational performance, accountability, and learning.

The purpose of this chapter is to enable a normative (if not critical)
27 reflection on and analysis of existing ways of managing and controlling among practitioners in PSOs. For this analysis and reflection, the frame-
29 work of Hofstede (1978, 1981) is proposed. This framework has been influential in both public administration (e.g., Jansen, 2008; Noordegraaf &
31 Abma, 2003; Pidd, 2005) and management control research (e.g., Groot, 1999; Speklé & Verbeeten, 2014; Verbeeten, 2008; Verbeeten & Speklé,
33 2015), but mainly in a theoretical and descriptive sense. However, more than other, more recent management control frameworks (e.g., Ferreira &
35 Otley, 2009; Franco-Santos et al., 2012), the Hofstede framework also lends itself well to a more practical and prescriptive use, that is, as an instrument
37 to enable reflection on and analysis of current ways of managing and controlling within PSOs.

39 Toward that purpose, this chapter first contains a brief critical sketch of NPM in the Netherlands, followed by a description of the framework

1 of Hofstede, its implications for accountability and learning and an exam-
ple of a reflection and discussion session at a Dutch university. The chapter
3 closes with discussion and conclusions and sketches the contours of a post-
NPM public sector in the Netherlands.
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NEW PUBLIC MANAGEMENT IN THE NETHERLANDS: A CRITICAL SKETCH

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11 Following the trend of NPM, PSOs in the Netherlands and most other
developed countries increasingly have faced public and political pressures
13 to become, first, more efficient and effective in their public services delivery
and, second, more transparent and accountable in their administrative pro-
15 cesses. In response to the first class of pressures, learning in and by PSOs
increasingly has received attention. PSOs should increase their ability to
17 detect and correct errors and problems early and rapidly, so as to improve
the quality and quantity of public services delivery (Rashman, Withers &
19 Hartley, 2009; Visser & Van der Togt, 2015). In response to the second
class of pressures, control and accountability in and by PSOs increasingly
21 have received attention. PSOs should be made publicly accountable for
their performance and achievements so as to increase both their responsive-
23 ness to social and political demands and the tax payers' "value for money"
(Bovens, Schillemans & 't Hart, 2008; Sabel, 2004; Sabel & Simon, 2011).
25   To accomplish this, PSOs have become both "flat" and "accountable"
(Hood, 1995; Sabel, 2004). Flat implies that policy executing agencies
27 and PSOs at "street level" are administratively separated from the central
policy-making and political authorities. Instead of the existing departmen-
29 tal pyramidal structure and hierarchical forms of governance, a more flat
structure with contractual forms of governance has been instituted, some-
31 times reducing the scope of government by contracting out to private par-
ties. Accountable implies that these street-level bureaucratic instances are
33 contractually obliged to achieve the general goals, set by central political
and bureaucratic authorities, by having those goals translated in detailed
35 administrative targets, by having their compliance with those targets quan-
titatively measured by numerous performance indicators, and by being
37 subject to financial incentive and sanction systems, designed in the service   AU:3
of these targets (Bevan & Hood, 2006; Bovens, 2008).
39   However, NPM falls short of restoring government effectiveness and
accountability, for various reasons. First, it leads to a radical separation

1   between policy conception and execution, providing executive, street-level PSOs with a near-monopoly on knowledge and experience in their policy
3   areas, without mechanisms to feed this knowledge and experience back to central political and administrative authorities. Second, the concentration
5   on narrow and detailed quantified targets jeopardizes coordination among and joint problem solving by executive, street-level PSOs, in particular for
7   those problems that transcend these narrowly quantified boundaries (the so-called "cross-cutting" or "wicked" problems). Typical NPM-solutions to
9   these problems involve either setting additional explicit quantitative targets or creating a new agency to attack the wicked problems. However, both
11   solutions lead to either the increase of street-level discretion in determining which targets to attain and which not (hence less accountability) or to the
13   establishment of centralized command and control (hence less flatness), thus contradicting the original purposes of NPM (Sabel, 2004).
15   More in general, the quantitative management control, inherent in NPM, leads to specific problems in policy execution. At least since the
17   early 1950s, it is commonly acknowledged in the literature that quantitative management control is only suited for routine industrial production
19   processes (e.g., Blau, 1963; Ridgway, 1956; Schmidt, 1959). In that light, quantitative management control appears particularly ill-suited for most
21   activities that PSOs employ, like policy formulation and implementation, public service delivery, and law enforcement. This has led to a growing
23   literature on "gaming" in the public sector (Noordegraaf & Abma, 2003; Van Thiel & Leeuw, 2002), identifying a variety of dysfunctional and per-
25   verse effects of quantitative management control. Examples are additional bureaucracy, information overload, tunnel vision, short term thinking
27   and planning, risk avoidance, fixation on measures, symbolic compliance and impression management, and a general lack of system responsibility,
29   especially when several organizations contribute to public performance (e.g., De Bruijn, 2002; Diefenbach, 2009; Frey et al., 2013; Groot, 1999;
31   Moynihan, 2005; Murphy & Skillen, 2015; Osborne et al., 2015; Pidd, 2005; Smith, 1995; Teelken, 2012; Townley, Cooper & Oakes, 2003;
33   Van Dooren, 2011; Verbeeten, 2008; Verbeeten & Speklé, 2015; Walker & Van der Zon, 2000).[2]
35   On the basis of both scientific research as well as practical experience, NPM seems less successful in effecting learning and accountability in the
37   Dutch public sector, mainly because of the mismatch between the quantitative management control systems and the nature of most public sector
39   activities. In the next section, the framework of Hofstede is presented in order to analyze and reflect on this mismatch in PSOs.

MANAGEMENT CONTROL OF PUBLIC SECTOR ACTIVITIES: THE FRAMEWORK OF HOFSTEDE

The Dutch social scientist Geert Hofstede has become famous for his culture studies, but before turning to culture in the early 1980s, Hofstede (1970, 1978, 1981) studied the role of management control systems in organizations. These systems play an important role in organizational learning, defined as the detection and correction of errors or problems, whereby an error occurs when organizational goals have not been achieved (Argyris & Schön, 1978). Management control systems often define the errors around which learning processes are initiated, they provide a "lens or filter" (Kloot, 1997) with which organizations perceive their own performance, set against the perceived demands and developments in their environments. Hofstede's main concern is with what happens when management control systems do not accurately reflect the errors or problems of the organization or, even worse, when the control systems does not adequately fit in or match the primary process of the organization. Evidently, when there is a mismatch between these systems and the primary process, organizations cannot adequately learn. They detect and correct the wrong errors or no errors at all, or they fully misperceive how they really perform. In order to assess that (mis)match between management control systems and organizational activities, Hofstede (1981) asks four questions:

(1) Are the objectives of the activity unambiguous or ambiguous? Management control presupposes objectives, to the attainment of which activities should be directed. But objectives or goals or ends may be interpreted differently, reflecting conflicting political or financial interests within PSOs. Further, there may be conflicting views on which means bring about the desired ends or objectives. And in turbulent environments, existing objectives may be rendered obsolete by new developments, but organizations tend toward dynamic conservatism and retain these objectives. In general, objectives are unambiguous when consensus or a clear picture exists about them (e.g., fire brigades, courts, garbage collectors). Objectives are ambiguous when they are subject to conflicting norms and interests, as is the case in most PSOs.

(2) Are the outputs of the activity measurable or nonmeasurable? Management control presupposes that output can be measured, so that it can be compared to the objective of the activity concerned. But often measurable means quantifiable, whereas many activities in PSO's can only assessed in qualitative and vague terms. For example, what is

the output of an army in peace time? What is the output of the Department of Foreign Affairs? Inputs often are well measurable, but only interesting in relation to output.

(3) Are effects of management interventions in the activity known or unknown? Management control presupposes that interventions in activities are possible, when the measured output does not conform to the objective set. But it may be quite difficult to determine the exact relationship between intervention and the desired output of an activity. Further, there is always a time lag between intervention and its effect, and there may be many other factors that influence output, but fall outside the control systems.

(4) Is the activity repetitive or non-repetitive? Repetitive activities allow for "learning by doing," non-repetitive or unique activities do not.

Combining the answers to these four questions leads to a sixfold typology of management control, presented as a flow chart in Fig. 1 (Hofstede, 1981, p. 196):

(1) Routine control is the simplest form, only applicable to routine industrial production processes, for example, the production of bicycles or cookies.

(2) Expert control occurs when the organization hires an expert who has experience with the activities involved; it buys in "repetition." An example is the introduction of a new computer system in a production plant.

(3) Trial and error control occurs when the organization learns from its failures and successes through an ex post analysis of which interventions were successful and which were not, for example, in new product development or in post project analysis in consultancy firms.

(4) Intuitive control occurs when the organization has to rely on control as an art, dependent on the intuition of the leader and the faith the organization puts therein. Examples are leading a football team to victory or turning around a firm in dire straits.

(5) Judgmental control occurs when the organization develops proxy or surrogate measures to substitute for missing direct measures. An example is fundamental scientific research.

(6) Political control occurs when objectives are interpreted differently, in which case control is being determined through negotiations and power positions at the top of the organization. Examples are most PSOs.
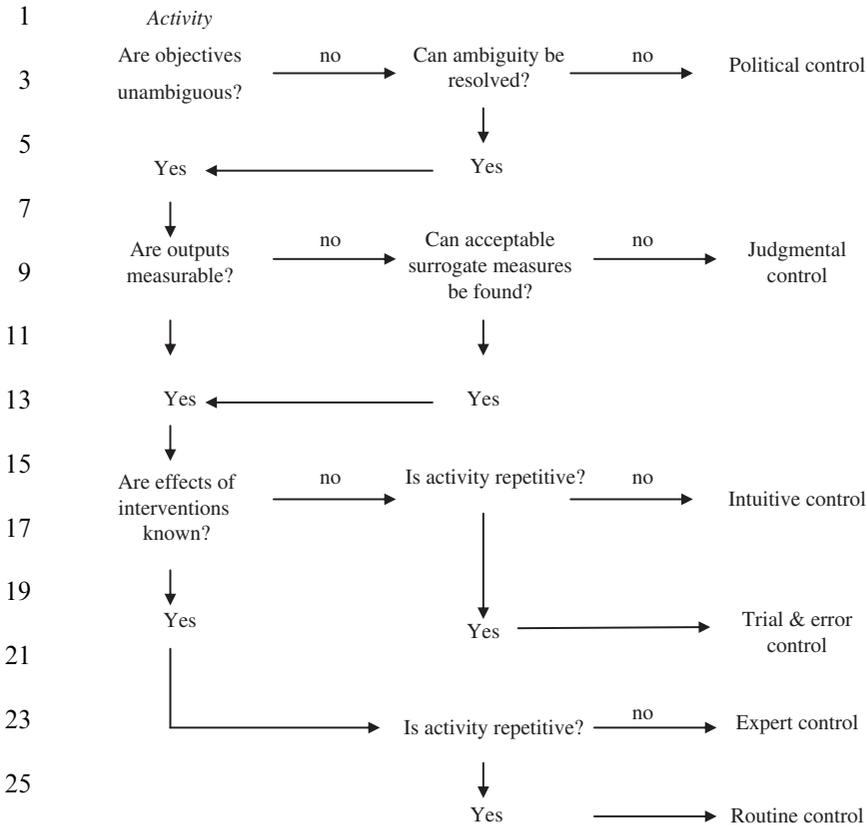
1   *Activity*

     Are objectives   no   Can ambiguity be   no   Political control
3   unambiguous?   resolved?

5
        Yes   ←   Yes

7   ↓

     Are outputs   no   Can acceptable   no   Judgmental
9   measurable?   surrogate measures be   control
                                      found?

11   ↓   ↓

13   Yes   ←   Yes

15   ↓

     Are effects of   no   Is activity repetitive? no   Intuitive control
     interventions
17   known?

19   ↓
        Yes   Trial & error
                                         Yes   control
21

23   Is activity repetitive? no   Expert control

25
                                         Yes   Routine control
27
                    Fig. 1.   Typology Management Control.

29

31   As a next step, Hofstede (1978, 1981) relates his typology to cybernetic
     models for management control. Common here is a first-order cybernetic
33   model of control, connoting "a process in which a feedback loop is repre-
     sented by using standards of performance, measuring system performance,
35   comparing that performance with standards, feeding back information
     about unwanted variances in the system, and modifying the system"
37   (Green & Welsh, 1988, p. 289). This model is fully applicable to routine
     control, and partly applicable to expert and trial and error control. It is,
39   however, not applicable to intuitive, judgmental, and political control. If it
     is applied, it may lead to "psychological short-circuiting," following which

1 employees attempt to work around the control systems by changing perfor-
mance objectives, changing output measurements, making unintended
3 interventions, by withdrawing from the control system altogether, or by
goal displacement, whereby the organization's objectives are replaced by
5 the measurements. Through all these activities, management control
degrades to pseudo control or the illusion of control: the systems no longer
7 match the activities they are supposed to control (Hofstede, 1970, 1981;
Kerr, 1995).
9   This mismatch comes in two types, according to Hofstede. A Type I mis-
match is not using a cybernetic system where the situation in fact meets the
11 conditions for it, for example, using political control in a mass production
plant. A Type II mismatch is using a cybernetic system where the situation
13 does not meet the conditions for it. Hofstede (1981) mentions the example
of introducing the budgeting system of the Ford automobile corporation in
15 the US Army in the 1960s. This Type II mismatch has been aptly summar-
ized as "rewarding A, while hoping for B" (Kerr, 1995). It is often charac-
17 terized by a fascination with "objective," simple quantifiable criteria for
performance measurement and an overemphasis on highly visible and
19 observable behaviors to the detriment of less visible and observable beha-
viors, which, however, may be equally or even more important for the
21 organization (Diefenbach, 2009).
    Managers often react to instances of psychological short-circuiting by
23 intensifying the existing type of control, which, by virtue of its increasing
inappropriateness to the situation at hand, may strengthen the illusion of
25 control, in which the theories upon which control is based increasingly
tend to replace the real world. This illusion of control often only can be
27 maintained in a punitive atmosphere: "in this type of goal displacement,
officials cannot bear disappointment, and they cannot learn from
29 failure … Upon the appearance of discrepancy, the search is for deviants,
not deviance" (Landau & Stout, 1979, p. 153; Bevan & Hood, 2006; Kerr,
31 1995).
    Whenever managers use these management control systems not only to
33 detect and correct deviations from established performance standards and
objectives but also to allot organizational responsibilities for achieving
35 performance goals (including the failure to do so) to employees, they create
internal and external accountability. Under the illusion of control and the
37 punitive atmosphere accompanying it, such accountability often takes on
an instrumental or calculative form: vertical and hierarchical, centered on
39 individuals who are believed to be driven by self-interest and opportunism,
in a context of legitimate mistrust, hard controls and a disciplining use of

performance measures through rewards and punishments (McKernan, 2012; Messner, 2009; Vosselman, 2013). Paradoxically, in these ways instrumental or calculative accountability increases the "psychological short-circuiting" it intends to diminish. It is conducive to framing "calculative selves," employees who under these circumstances may behave opportunistically, show self-interest seeking behaviors and forms of trickery and deceit (Argyris, 1987; Roberts, 2009).

This instrumental or calculative accountability in its turn is conducive to what Argyris and Schön (1978) call a Model I learning climate, characterized by a closed attitude among individuals and defensive routines in the organization as a whole, exemplified in a general atmosphere of distrust and lack of respect between managers and employers, blocked communication, contested problem definitions, and diplomacy and easing-in in the case of errors to avoid the threat and embarrassment, associated with being held accountable for errors and problems. This climate makes inquiry into all but the most innocuous errors hard to achieve, and thus only may lead to very limited learning, which in the longer run may endanger the organization's survival.

An alternative tendency for management control here might be to become more intuitive, judgmental, or political, removing the perverse effects and incentives that accrue from cybernetic control under inappropriate conditions (Hofstede, 1981; Kerr, 1995). These alternative forms of control may give rise to more relational or narrative forms of accountability: horizontal and lateral, centered on networks of individuals who are believed to be driven by commitment and shared ambitions, in a context of trust, soft controls and an exploratory or developmental use of performance measures through reflection and socializing (McKernan, 2012; Messner, 2009; Roberts, 2009; Vosselman, 2013). In these ways, relational accountability may be conducive to framing "sociable selves," and thus to resolving the paradoxes inherent in instrumental accountability.

This relational or narrative accountability in its turn is conducive to what Argyris and Schön (1978) call a Model II learning climate, characterized by an open attitude among individuals and productive reasoning in the organization as a whole, exemplified in a general atmosphere of trust and respect between managers and employers, open communication, fact-based problem definitions, and honesty. This climate enables inquiry into even cross-cutting or wicked problems, and thus may lead to deep and profound learning, which in the longer run may ensure the organization's survival.

APPLYING THE FRAMEWORK: A DISCUSSION AND REFLECTION SESSION

In order to assess the suitability of Hofstede's framework as an instrument for reflection and analysis, it was used in a reflection and discussion session with a group of senior staff employees at a Dutch university (not the author's) in September 2013. After reading Hofstede and a number of newspaper articles on the present state of Dutch universities, the group iscussion and reflection centered on three questions: (1) Which type of control is most suitable for university activities? (2) Which type of control is actually applied to university activities? (3) What are the effects of this actual type of control on university activities in this case? For time reasons, the discussion concentrated on university teaching and education, not on research:

(1) Following Hofstede's flow chart, the staff employees considered the objectives of university teaching and education as relatively unambiguous, while they viewed output both quantitatively (numbers of lectures, workgroups, contact hours, etc.) and qualitatively (grading assignments, term papers, exam results, etc.) as reasonably measurable. The staff employees considered the effects of management interventions as fairly unknown, among others thinking back to their own interventions in the past. Finally, they viewed teaching and education as non-repetitive activities: Although courses and classes are repeated every year, ideally their contents are continuously being refreshed and updated on the basis of last year's experiences and new developments in the field. All in all, the staff employees concluded that intuitive control was most suitable for teaching and education activities in universities.

(2) Looking at the type of control actually applied to teaching and education activities at this university, the staff employees' opinions converged on routine control.

(3) Reflecting on the effects of this actual type of control on teaching and education activities, the staff employees in particular mentioned the role of course evaluations, which at this university were generally discussed by instructors and managers in a context of instrumental or calculative accountability. On the other hand, the staff employees mentioned the role of internal teaching qualification courses, in which instructors were supported and coached to develop their didactical and organizational skills in a more relational or narrative accountability context. However, these courses had been gradually condensed and

1 made less intensive, since in 2011 an agreement with the Dutch
Minister of Education had been signed that at least 70 percent of all
3 teaching staff should have obtained a basic teaching qualification by
2016. With some qualifications, the staff employees concluded that the
5 situation at their university could be characterized as a Type II mis-
match. From the ensuing discussion, it appeared that the staff employ-
7 ees saw little room for changing the routine control systems in the near
future, though. The quantitative, instrumental mindset of control had
9 established itself firmly throughout the whole organization, from the
top-down.

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CONCLUSIONS AND DISCUSSION: TOWARD A
POST-NPM PUBLIC SECTOR?

17 The framework of Hofstede appears to be both theoretically and practically
suited for analyzing and discussing existing NPM ways of working, mana-
19 ging, and controlling in PSOs. As the reflection and discussion session
shows, it offers PSOs themselves an opportunity to reflect on and analyze
21 these ways. This could lead to a less "one size fit all" approach to public
sector management and governance, focusing attention on the desired fit or
23 match between control systems and activities in PSOs. More in general,
this could also lead to an exploration of alternative ways of working,
25 managing, and controlling, and thus to go beyond NPM as a dominant
model. However, in order to progress toward a post-NPM public sector,
27 three main conditions appear important, both bottom-up and top-down.
     The first, bottom-up, condition is that employees in PSOs not only
29 confine themselves to reflection, analysis, and discussion. If they perceive a
true mismatch between control systems and the nature of the activities in
31 their organization, they should undertake internal action, in which a com-
bination of "loyalty" and "voice" appears most successful (Hirschman,
33 1970). The actions of the Dutch judges, university staff and students, and
general practitioners, referred to in the introduction of this chapter, appear
35 to be a case in point.
     The second, top-down, condition is that central political and bureau-
37 cratic authorities stop setting detailed administrative targets with accompa-
nying performance indicators and incentive systems. Instead, these
39 authorities should set general goals and monitor the efforts of street-level
PSOs to achieve those goals by means of their own devising. Central

1   authorities should intervene only when the efforts of street-level PSOs
    fall short or are inadequately accounted for. Street-level PSOs should be
3   given room to develop policies, experiment with their implementation, and
    to learn from one another's problem solving in the pursuance of these
5   general goals, for example, through "best practices" (Sabel & Zeitlin, 2012;
    Zeitlin, 2011).
7   The third condition, with both bottom-up and top-down elements, is
    that street-level PSOs improve their own internal accountability and learn-
9   ing processes. External accountability in the direction of central political
    and bureaucratic authorities should no longer be concerned with complying
11 with detailed administrative targets and performance indicators, but with
    the quality of the internal monitoring and evaluation of policy experiments
13 and the lessons learned (and disseminated) from these experiments. In addi-
    tion, street-level PSOs should work on their internal accountability toward
15 subjects and stakeholders of the policies concerned, for example, by insti-
    tuting forms of internal democracy, participation, and co-creation (Gnan,
17 Hinna, Monteduro & Scarozza, 2013; Sabel, 2004; Tonkens et al., 2013).
        Under these conditions, the street-level or "front line" of policy imple-
19 mentation acquires renewed importance (Lipsky, 1980; Maynard-Moody &
    Musheno, 2003; Murphy & Skillen, 2015). These frontline PSOs will have
21 to excel in the detection and correction of errors and problems in policy
    implementation, in reflecting on and inquiring into the effects of policy
23 experiments, and in flexibly adapting policies in response to that. To
    achieve this, four requirements are needed in such frontline PSOs (Van
25 Grinsven & Visser, 2011; Visser, 2008; Wilson, 1989):

27 (1) Empowerment: Frontline employees should have as much room as
        possible for independent decision-making, problem solving, and initia-
29   tive taking. Managers should be open to these new ideas and initiatives
        by frontline employees, and they should have an enabling and motivat-
31   ing attitude, as opposed to a more coercive and controlling attitude.
        Frontline staffing should have priority over administrative staffing at
33   headquarters or back offices, which should become "lean" and "mean."
        Management control systems should optimally match the nature of the
35   frontline activities.
    (2) Error openness: Frontline employees should admit and surface errors
37   and problems in policy experiments. Managers should use these errors
        and problems as opportunities for reflection and inquiry, as opposed
39   to opportunities for (threats of) punishments. Managers should build
        trust with their employees, holding them accountable in relational or

narrative ways. Existing routines and practices should be regularly evaluated and updated.

(3) Knowledge conversion: PSOs should maintain knowledge systems, repositories, internal training programs, and formal and informal networks (both within and between PSOs) in order to translate, store, and spread the "lessons learned" at the front line from previous error and problem solving with regard to policy experiments.

(4) Adequate human resource management and development: PSOs should pay close attention to selecting, educating, and training their (front line) employees. They should put effort in team building and developing unit cohesion. They should support and motivate their employees in such a way that they are able to take on the responsibilities of front-line policy implementation, experimentation, and learning, which brings us back full circle to the first requirement.

All these conditions and requirements are to a large extent still hopes for the future, rather than features of current PSOs in Dutch (and generally Western) society. But sooner or later changes will be necessary to lead PSOs back from the ultimate nightmare of pure instrumental rationality,[3] cogently sketched in the BBC television series *Yes Minister*. In the episode "The compassionate society," Minister Jim Hacker confronts his Permanent Secretary Sir Humphrey Appleby with the fact that St Edward's Hospital employs 500 administrative staff, but no medical staff and no patients: "Humphrey," I said, very slowly and carefully. "There-are-no-patients! That-is-what-a-hospital-is-for! Patients! Ill-people! Healing-the sick!" Sir Humphrey was unmoved. "I agree, Minister," he said, "but nonetheless all of these vital tasks that I have listed here must be carried on with or without patients." "Why?" I asked. He looked blank. "Why?"

NOTES

1. As a field of research, management control is situated at the intersection of management, accounting, and (economic) organization theory. Conceptually, its boundaries appear to be defined by four related concepts: management control in a narrow sense, connoting instruments to stimulate employee behavior in the direction of organizational objectives at a more operational level; performance management, connoting instruments and systems to stimulate, measure, support, and report organizational performance at both strategic and operational levels; internal control, connoting systems to provide assurance regarding achievement of efficiency and effectiveness operations, reliability reporting, and compliance; risk management, connoting systems to identify and manage risks within preset boundaries to

provide assurance regarding goal attainment (for recent reviews, see Ferreira & Otley, 2009; Franco-Santos, Lucianetti & Bourne, 2012; Speklé & Verbeeten, 2014; Strauss & Zecher, 2013). From these boundaries, a definition of management control emerges as "the process by which managers assure that resources are obtained and used effectively and efficiently in the accomplishment of the organization's objectives" (Hofstede, 1978, p. 450).

2. In this respect, the quantitative NPM system appears to have much in common with the system of "targets and terror," prevalent in the USSR and other communist countries before 1991 and notorious for its almost epidemic "gaming" (Ericson, 1991; Nove, 1958). Bevan and Hood (2006, p. 519) observe: "ironically perhaps, just as the targets system was collapsing in the USSR, the same basic approach came to be much advocated for public services in the West by those who believed in 'results-driven government' from the 1980s … It resonated with the ideas put forward by economists about the power of well-chosen *numéraires* linked with well-crafted incentive systems."

3. More radical critiques take this "nightmare of pure instrumental rationality" as their point of departure. They view NPM as a form of "financialization" of public life in which "financial performance, or some surrogate, is key to organizational success," and which stems from the dual (and contradictory) role of the state to protect capitalism on the one hand and to hold society together through various public services on the other (Clegg, 2015, p. 14; Wigger & Buch-Hansen, 2013). Instrumental rationality is conceived of as being conducive to "administrative evil," turning policy subjects into objects that, through technical abstraction and "objective," "neutral" quantification in the form of performance measures and targets, "can be and indeed are reduced to a set of quantitative measures" (Dillard & Ruchala, 2005, p. 613; Diefenbach, 2009). This occurs, for example, when in aged care elderly people are reduced to "two minutes washing and one minute dressing"; when judges are being held accountable only for the quantitative output of sentences, not for the quality thereof; when the police is being held accountable for numbers of arrests and fines, not for the quality of public safety; when in psychiatric care psychiatrists are judged only on the quantity of their caseload and "throughput," not on the quality of their treatment in terms of ending or alleviating psychic pain and trauma, and more in general, when people are being laid off as sheer quantities ("excess labor"). This quantification as the reduction of humans to measures is considered dehumanizing, displaying the same fundamental logic that ultimately led to the Holocaust and other forms of genocide (Adorno, 1966; Stokes & Gabriel, 2010).

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