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**8 Quangos in Dutch Government**

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In the 1980s and 1990s, administrative reform swept through most western states. National, regional and local governments alike changed their organizational structure, introduced private sector management ideas and techniques, contracted out tasks, privatised state-owned companies, or put policy implementation at arms' length (OECD, 1997; Pollitt & Bouckaert, 2000). The Netherlands was no different in this respect.

This chapter deals with the establishment of so-called quasi-autonomous non-governmental organizations (quangos, Barker, 1982). There is little agreement on the definition of quangos. In fact, it could be argued that there is a *continuum* of quasi-autonomous organizations, ranging from contract agencies (see several chapters in this volume), to public bodies, voluntary organizations and government owned enterprises (cf. Greve, Flinders & Van Thiel, 1999).

In the Netherlands, the creation of quangos is called 'autonomization' (in Dutch: *verzelfstandiging*). There are two types of autonomization, leading to different types of organisations (cf. Verhaak, 1997). Internal autonomization renders managerial freedom to units within the governmental organization. These units still fall however under full ministerial responsibility. The Dutch contract agencies (*agentschappen*, see Smullen in this volume) result from internal autonomization at national level. On local level, an example of internal autonomization is the introduction of contract management. External autonomization refers to the establishment of organizations charged with

policy implementation as a main task, paid by government, but operating at a distance from that government without an immediate hierarchical relationship (Van Thiel, 2001a:5). Examples vary from the Non-Departmental Public Bodies in the United Kingdom to the Crown entities in New Zealand. In the Netherlands, at the national level public bodies known as ZBOs (*zelfstandige bestuursorganen*) are found. At local level, municipalities may establish so-called functional committees or establish limited companies. Further examples will be given below.<sup>1</sup>

The aim of this chapter is twofold. First, I will describe some characteristics of quangos in Dutch government, at national and local (i.e. municipal) level. These data show that their number has increased strongly since the 1980s. Secondly, this chapter offers a theoretical explanation for the proliferation of quangos in Dutch government. The first part of this theoretical explanation has been tested before (see Van Thiel, 2001a). Here I will summarize the main conclusions from that test and propose new theoretical predictions for further study.

### **Quangos at national level**

At national level the two most important types of quangos are contract agencies and ZBOs. Because the first type is dealt with extensively elsewhere (cf. Smullen in this volume), I will focus here on ZBOs.

Estimates on the number of quangos vary along the definition one uses. For example, in the UK Hall & Weir (1996) counted over 1,800 quangos at national level, whereas official counts only listed about 300 quangos (only executive non-departmental bodies). In the Netherlands a similar controversy is taking place about the definition of ZBOs. In 1993, the Netherlands Court of Audit (NCA) counted 545 ZBOs (*Algemene Rekenkamer*, 1995). Departments spent approximately 18% of the annual state budget on these quangos in that year. And about 130,000 people were employed by ZBOs then, just a little more than in the national administration at that time.

In 2000, the number of ZBOs has dropped to 431 due to policy changes and mergers, but mainly because of definitional issues (Van Thiel & Van Buuren, 2001). In fact, the rate of establishing this type of quango has gone up; approximately 50% of all ZBOs in 2000 has been erected after 1993. Alongside ZBOs, a new category of public bodies has now been identified (RWTs; *rechtspersonen met een wettelijke taak*) listing over 3,200 organisations, including a large number of (former) ZBOs (*Algemene Rekenkamer*, 2001). The distinction between RWTs and ZBOs is not very clear, even to experienced researchers in the field.

The debate on different categories of quangos makes it difficult to get an accurate estimate. Most of the examples and facts below are based on the NCA study of 1993 and my own count in 2000.

### *Motives*

ZBOs are not new to the Dutch government. However, in the 1980s their number increased strongly as they were re-discovered as instruments of reform. Quangos are expected to be more efficient at policy implementation than traditional government bureaucracy. Hence, this is the most important motive for politicians to establish them (see table 1). That is, if a motive is mentioned, for in more than half of the decisions that is not the case.

Other motives relate to the expected de-politicized nature of policy implementation by quangos and a desired reduction of the distance between policy implementation on the one hand and society and citizens on the other hand. Finally, in some cases the establishment of a quango is the endresult of a historical process. It is important to realize that ZBOs can be created either by hiving off a division of a ministry, but also by hiving in a private organization into the public sector.

**\*\*Insert table 1 about here\*\***

### *Types of quangos, tasks and policy sectors*

Quangos are charged with different tasks. Table 2 shows that the most common tasks are: quasi-judicature (cf. tribunals), paying benefits (e.g. unemployment), judging quality (e.g. meat inspection), registration (e.g. of professional groups like architects) and supervision (i.e. regulators).

**\*\*Insert table 2 about here\*\***

Examples of ZBOs are the regulator for the telecommunications OPTA, the Netherlands Central Bank, the Chambers of Commerce, Police Authorities, the Bureau for Registration of Architects and the Councils for Legal Aid. ZBOs can be found in all policy sectors, but mostly in the field of Social Affairs and Employment, Welfare Health and Culture, Agriculture, and Justice (see table 3).

**\*\*Insert table 3 about here\*\***

### *Results*

Information on the performance of quangos is scarce. Case study based evidence suggests that there is no immediate nor overall improvement of performance in terms of (cost)-efficiency and effectiveness (Ter Bogt, 1997, 1999; Van Berkum & Van Dijkem, 1997; Van Thiel, 2001a). In other areas, for example the quality of products or customer service, improvements have been obtained though. The official evaluations of the establishment of six ZBOs show that the expected efficiency gains are usually not obtained, but stress that these quangos have acquired a new, more business-like style and 'market awareness' (Homburg & Van Thiel, 2002). For example, they are

more innovative and market oriented. Therefore, these reports conclude that the establishment of the quangos in question was successful and should not be reversed.

### *Conclusions*

The use of ZBOs at national level has proliferated in the Netherlands since the 1980s. The publication of the NCA report in 1995 led to a hot debate on the (lack of) accountability of these bodies. As a result, new legislation has been developed to restrain the use of quangos (Van Thiel, 2001b). A preference for less extreme types of quangos became evident, as the number of contract agencies increased from 1994 on. The absolute number of ZBOs dropped as a result of the aforementioned definition debate and the rise of a new category, the RWTs. However, the evidence shows that the rate of establishment of ZBOs has not dropped at all but has in fact increased - despite a lack of evidence on their performance. This raises the question whether quango proliferation is a well-informed choice, or rather an autonomous trend. We will return to this question after discussing the establishment of quangos at local level.

### **Local quangos**

There seems to be a general awareness among practitioners and academics

that there are *many* quangos at local level, but the estimates are not always clear (see e.g. Hall & Weir, 1996, on the UK; Greve, 1999, on Denmark; and Wistrich, 1999, on New Zealand). For the Netherlands, various cases have been described, but there is as yet no systematically collected information on the number, types and size of local quangos. Below I will present the results of a meta-analysis of available case studies of local quangos in the Netherlands.<sup>2</sup>

### *Motives*

Dutch local government has a strong tradition and position within the national state system. Municipalities have autonomous tasks, which they can fund from local taxes or fees and other revenues. Next to these, they execute tasks that have been delegated to them - and are paid for - by the central government. Dutch municipalities thus have numerous tasks, ranging from refuse collection and road maintenance, to public education, health care, cultural activities, and social welfare benefits. To give some indication of the size of local governments: there are 538 municipalities (in 2000), with 186,387 civil servants (in 1993) spending DFL 72.3 million (in 1997; Derksen, 1998:10).

The establishment of quangos at local level was part of the managerial reforms undertaken by Dutch municipalities from the 1980s and on. Table 4 shows that the most important motives - if mentioned - for the creation of

quangos at local level were to separate policy and administration so that politicians, policy makers and policy implementors could stick to their core business. Other motives are to improve the efficiency of policy implementation, to reduce costs and enhance the quality of customer service. In sum, quangos are expected to reduce the workload of local administrators and politicians, and to increase the efficiency of service provision.

**\*\*Insert table 4 about here \*\***

#### *Types of quangos, tasks and policy sectors*

At local level (cf. Verhaak, 1997) three types of internal autonomization can be distinguished: self-management, contract-management and the so-called Policy and Management Instruments project (PMI; Van Helden, 1998).<sup>3</sup> Internal autonomization gives freedom to manage to unit managers. The agreements on managerial freedoms are often laid down in a contract. These contracts specify tasks, budgets and sometimes also results (output) or targets that have to be met. Self-management and contract-management were combined in the early 1990s in the so-called PMI operation. Local governments adopted a range of instruments in an effort to improve the efficiency of the local administration procedures. Unfortunately, a lack of ‘managerial attitude’ in local governments undermined a successful and comprehensive implementation of PMI (Van Helden, 1998).

External autonomization involves charging a separate organization, at arms' length of the local administration, with policy implementation. These new organizations can be established by hiving off a division of local government, or by hiving in an existing private organization. Dutch municipalities can use different types of organisations. Based on public law municipalities can appoint so-called functional committees (e.g. school boards). Or they can decide to co-operate with other local governments. Finally, they can create local agencies (in Dutch: *tak van dienst*).<sup>4</sup> Based on private law municipalities can establish (limited) companies, associations and foundations for policy implementation or charge existing organisations with that task.

Next to internal and external autonomization, municipalities can also use privatisation, competitive tendering and public private partnerships (PPP) to put service provision at arms' length. These modes of operation will not be discussed here any further. Table 5 shows the number of cases of internal and external autonomization, and other modes of service provision that were found in Dutch local government between 1994 and 1999.<sup>5</sup> Recently, Dutch municipalities have shown a strong preference for external autonomization, in particular the use of private companies and foundations.

**\*\*Insert table 5 about here\*\***

Local governments are most prone to use quasi-autonomous bodies in the fields of refuse collection, culture, health, utilities, sports and recreation (see table 6). In the fields of education and social welfare services municipalities are much more reluctant to establish quangos, e.g. in the case the Social Benefits Office.<sup>6</sup>

**\*\*Insert table 6 about here \*\***

### *Results*

The evidence on the performance of local quangos is highly contradictory and inconclusive (cf. Ter Bogt, 1997). Most of the reviewed studies (86%) do not mention anything about the results, or blame the lack of (information on) results to a number of problems.<sup>7</sup> The problems that are reported most often are: a lack of (organizational and personal) skills to change, high transition costs, continuing interference of politicians with daily activities, and problems with the development of performance indicators. Also, a number of unintended social consequences are reported, such as an increase of fees for services and a lack of public accountability for local quangos (cf. Hall & Weir [1996] on the UK).

### *Conclusions*

It is estimated that about 50% of Dutch municipalities use quasi-autono-

mous organizations for the execution of about 50% of their tasks (Moret, Ernst & Young, 1997). PMI is even adopted by 70% of all municipalities (Van Helden, 1998). Quangos can be said to have spread throughout local government. Size and political climate do not seem to matter very much in this respect. Quangos are charged mainly with policy implementation and service provision. The development of policies and the political decision making process remain exclusive tasks of the local administration. Some tasks are put at arms' length more often than others. For example, the social benefits office is seldom put at arms' length whereas in most cities refuse collection is charged to inter-communal co-operation or private contractors. There are, however, hardly any clear patterns regarding which types of quangos are used for particular tasks or in particular policy sectors. The diversity in quango use, combined with a serious lack of motives and evidence on the performance of quangos suggests that municipalities do not apply quango principles in a rational manner, nor learn from each others experience (Loeff Claeys Verbeke, 1994:30-32). How can the increase in the use of quangos be explained then?

### **Possible explanations**

There is no formal theory yet that explains the increase in the use of quangos. The practitioner theory i.e. the assumptions underlying politicians'

choice to establish quangos is not considered a formal theory here.<sup>8</sup> Instead a new theoretical explanation is offered below why politicians would prefer to use quangos rather than government bureaucracy for the implementation of policies.

The model presented here was constructed by deduction, rather than by induction on the basis of empirical information. To carry out such an approach, I have used formal theories on the behaviour of politicians; in this case rational choice sociology (Coleman, 1990) and public choice theory (Downs, 1965; Mueller, 1989; Dunleavy, 1991). These theories were combined with elements from neo-institutional economics, in particular principal agent theory (e.g. Pratt & Zeckhauser, 1991). Using these elements, a formal model was developed to predict under which conditions politicians will establish quangos for the purpose of carrying out public tasks (for more details, see Van Thiel, 2001a).

A rational actor model such as presented here contains numerous simplifying assumptions. It needs further elaboration to become a more complex and realistic model. Therefore, it should be seen as a first step towards finding an explanation of quango proliferation. This first step has been tested statistically already and some results will be discussed below. I will then continue with a number of possible theoretical elaborations on the existing model - which have not been tested yet.

### *A rational actor perspective*

Based on public choice theory, it is assumed that politicians strive to be re-elected. The use of quangos is expected to contribute to this goal because quangos can be charged with the implementation of policies that are favourable to voters. The advantages of using quangos rather than government bureaucracy are twofold. First, members of interest groups can be appointed as quango board members, which ensures the support of those groups of voters to the politicians (patronage). Government bureaucracies are expected to be impartial and hence offer less (formal) opportunities to include interest groups into the organizational structure. Second, because quangos operate at arms' length the responsibility of politicians for quango performance is limited. In case of ill performance, there is less risk that a politician will be held accountable and may lose electoral support. However, there is also a possible backlash to the use of quangos. In the case of ill performance there are fewer possibilities for intervention because of the larger distance between the parent department and quangos. Or intervention will lead to high (monitoring) costs, threatening the possibility of achieving efficiency gains.

Politicians will have to weigh these possible benefits and risks when choosing an executive agent. Here they can choose either a quango or government bureaucracy. Which choice they make depends on the situation at hand. In such a constraint driven approach the impact of a number of conditions has to be evaluated.

Contrary to common sense, political and economic conditions are expected *not* to be of influence on politicians' choice for quangos. Political ideology is not expected to be decisive because the aforementioned advantages of the use of quangos are valid to *all* politicians. Economic conditions are also not expected to be decisive. Quangos can be used to reduce fiscal pressure because they are expected to render efficiency gains. On the other hand, prosperity leads to an expansion of the tasks of western welfare states and hence the number of executive agents. So, in both cases the number of quangos goes up; there is no difference in the total effect.

Characteristics that *are* expected to influence concern the degree of corporatism in the policy sector in question, whether elections are being held, and the type of task that is charged to the quango (collective good, specific investments). Elections and corporatism increase the competition for votes between politicians and are therefore expected to contribute to more quangos being established. The reduced responsibility for quangos leads to less political risks in election times and thus to higher chances of being re-elected. In corporatist policy areas the benefits of patronage will be higher. Therefore, it is expected that in these areas more quangos will be established to maximize electoral support. Both conditions will thus contribute to more quangos being established.

With regard to the tasks of quangos, two conditions are discerned that will lead to less quangos being established. First, it is predicted that politicians

will not charge quangos with the provision of collective goods. The interest of voters in such goods is high. Therefore, the risk of loosing control is too high. Politicians are expected to leave these types of tasks to government bureaucracy. The same holds for tasks that require highly specific investments. Low re-deployability and high sunk costs, which are associated with this type of tasks, will force politicians to keep execution at close range (cf. Williamson, 1989:150-151; Ter Bogt, 1994:215).

These six predictions have been tested (see Van Thiel, 2001a:107-111).<sup>9</sup> Most conditions had no effect on politicians' choice, except for tasks requiring specific investments although not for all cases. In sum however, one can conclude that the explanatory model of the rational actor perspective is still somewhat weak. Therefore, the model was expanded.

### *Imitation*

Until now it was assumed that politicians are aware of all the advantages, disadvantages and consequences of their choices. Or in other words, that they have full information. However, this does not seem realistic. It is much more reasonable to assume that politicians' rationality is bounded (Simon, 1957). This would imply that they cannot be certain about the effects of their choice. To reduce uncertainty, individuals will seek information. Here two possible strategies are proposed. First, politicians can imitate what others have done already. They simple repeat other people's or their own decision.

Second, politicians can monitor the performance of previously established quangos to acquire information. However, monitoring requires investments (monitoring costs). It is therefore predicted that politicians will impose monitoring only if the costs are low or outweigh the disadvantages of quango use.

These two additional predictions were tested also. Imitation indeed proved to be a major cause of the increase in the number of quangos, at least at national level (see Van Thiel, 2001a: 120-128, for a full discussion of the other results). This raises two new questions; how and why does imitation occur? To answer these questions we need to expand the theoretical model above. Two strands of theory that deal with the adoption of innovations offer interesting propositions on imitation.

#### *Explaining imitation*

Innovation Diffusion Theory (IDT) was developed primarily by Rogers (1995) to explain the adoption of new technologies by individuals. Here, I will expand its validity to the adoption and consequent spread of quangos by governments.<sup>10</sup>

According to IDT, the adoption of innovations can be divided into five stages. The boundaries between these stages are not always strict or clear. The first stage is labelled the 'knowledge' stage. Potential adopters (e.g. municipalities) become aware of the existence of the innovation (quangos). This can happen quite passively ('they just happen to come across the idea')

or because they are actively seeking information for example to solve a particular problem or because they have a need for change. The motives for quango adoption (see table 1 and 4) show that quangos are used to solve a number of organizational and economical problems. Moreover, they fitted the new philosophy of New Public Management that was popular in the 1980s. IDT is a functionalist theory, i.e. the instrumental value of an innovation is expected to be decisive to its adoption. Technical features, such as types of quango, and the expected (dis)-advantages will be important. Based on the information governments acquire on quangos, they will form an opinion on the idea ('persuasion' stage) and balance the potential advantages and disadvantages of applying it to the administrative organization. The opinions of others, in particular opinion leaders, key persons within the organization and the propagators of the innovation, influence the degree to which they will be persuaded to actually use quangos, or not. The knowledge and persuasion stages are partly overlapping and hence difficult to separate analytically.

Once it has decided to use quangos, the adopting government will have to deal with all the associated practical problems in the 'implementation' stage; what kind of quango will be used, in which policy field, for which task, *et cetera*. To persist in the choice for using quangos, it will seek confirmation and reinforcement ('evaluation' stage). If this last stage is passed successfully, quangos will become an accepted and legitimate way of working

within the public domain.

Rogers' model of innovation diffusion can be used to describe *how* quangos have spread through Dutch government in the 1980s and 1990s. It cannot, however, explain why this occurred or which government organizations were early or late adopters. Nor can it explain why politicians choose to create quangos, even though there is hardly any evidence that they are indeed more efficient than government bureaucracy. And finally, IDT cannot explain the large diversity in the application of the quango model found at local level. This contradicts Rogers' model, which assumes that governments will adopt the same type of quango for the same task because that is the 'best' way.

For such idiosyncrasies we need another kind of theory, one that explains the cognitive mechanisms underlying the adoption of innovations. DiMaggio and Powell's idea of isomorphism (1983; see also Powell & DiMaggio, 1991) offers powerful ideas. They argue that in order to survive organizations will adopt the same structures and ways of working. This similarity between organizations in the same field can be the result of competition or the strive for economic efficiency ('competitive isomorphism'). DiMaggio and Powell were, however, particularly interested in the homogeneity that stems from a quest for legitimacy of one organization with other organizations in its environment. Such 'institutional isomorphism' occurs through three mechanisms: coercive, mimetic and normative isomorphism.

DiMaggio and Powell stress that the three mechanisms are not necessarily empirically distinguishable. They may be separate processes, but they can occur at the same time and their effects may not always be clearly identifiable.<sup>11</sup>

Coercive isomorphism is strongly related to the concept of resource dependency; powerful others, such as the EU to the Dutch national government or the national government to municipalities, demand the use of quasi-autonomous bodies (Mizruchi & Fein, 1999:657). As the lower level government is dependent on the higher one, it has no choice but to adhere to its demands. Coercion can result from legal prescription but also from active financial support, rewarding those organisations that adopt the quango model. For example, the PMI-operation in Dutch municipalities was subsidized by the Home Office (Van Helden, 1998). Coercive isomorphism shows that the aforementioned persuasion stage does not always imply a voluntary choice to adopt.

Mimetic isomorphism is a response to uncertainty. “In situations in which a clear course of action is unavailable, organizational leaders may decide that the best response is to mimic a peer that they perceive to be successful” (Mizruchi & Fein, 1999:657). Uncertainty is indicated by a lack of legitimacy. In the 1980s governments throughout the western world were faced with a decline in citizen trust and rising expectations with respect to the quality of public services (Pollitt & Bouckaert, 2000:ch.2). Administra-

tive reform is generally seen as a response to both developments. For example, quangos were expected to reduce the distance between citizens and the government thereby inducing a higher quality of customer service, which would eventually restore citizen trust. Mimetic isomorphism can be seen as one of the ways in which governments come across the idea of quangos in the knowledge stage (see above). However, that does not explain where the idea of quangos came from.

Following DiMaggio and Powell, peer networks could be an important source of information. The dissemination of ideas on quangos through networks could reveal patterns in their diffusion. For example, governments can imitate each other, across boundaries or between layers. Intermediary platforms such as the OECD, the European Union, or the associations of Dutch local governments (VNG) could be important conveyors of novel ideas. The spread of ideas on quangos could be traced back to networks, especially networks with a high degree of participation and ties. Important variables in the study of such networks are therefore the degree of participation, the number of actors (and their origin), the number of ties ('density'), the internal flow of information and the permeability of the network boundaries.

The spread of ideas through networks is strongly related to DiMaggio and Powell's third and last mechanism. Normative isomorphism is the result of professionalization. The training, or socialization, of public managers

could for example include a favourable opinion towards quangos as a ‘modern’ form of public management. Or, governments may attract a new type of public manager who are more informed about the New Public Management paradigm. Consequently, quangos will become a more popular mode of operation. Interactions between members of professions are a second source for normative isomorphism, for example between politicians or public managers and consultants. In the Netherlands, about 52% of the municipalities have hired a consultant when establishing quangos (Schotman et al., 2000). In terms of the aforementioned persuasion stage (Rogers, 1995), these consultants could be called opinion leaders or propagators.

In sum, institutional isomorphism can help to explain *why* quangos have proliferated in Dutch local government. Coercive isomorphism could have played a role; powerful others force, either directly or implicitly, governments to implement particular types of quangos. Mimetic isomorphism could have occurred in response to a loss of legitimacy. The spread of NPM through government networks made the concept of quangos available. And as more and more governments adopted it, quangos became an accepted mode of operation (normative isomorphism). In the evaluation stage they will be convinced that they have made the right choice. Such ‘symbolic’ purposes of creating quangos also explain how it is possible that they continue to create quangos without clear evidence on the consequences i.e. quango performance. Apparently, innovation adoption can serve more than

merely instrumental or functional purposes. Using the idea of institutional isomorphism, we can expand the assumptions of Rogers' model.

Moreover, it also becomes clear why quango proliferation can lead to such a large variety. The choice to create a quango will be influenced by the type of isomorphism and hence the source of information. The network in which governments participate, the type of managers it employs,<sup>12</sup> the consultant it hires, can all influence the choice to adopt a particular type of quango. The variation in such variables will thus affect both the proliferation of quangos, and the variety in practice. These new predictions will be tested in ongoing research.

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**Table 1 Motives of Dutch politicians to establish quangos at national level (N=545)**

Motive	Number <sup>a</sup>
To increase efficiency	18%
Closer to the citizens	15%
Self-regulation by social groups	13%
Execution by experts	12%
Other motives <sup>b</sup>	12%
No motive mentioned	53%

<sup>a</sup> More than one motive can be mentioned

<sup>b</sup> Other motives are, for example: no state interference is desired; continuation of a historically grown situation; affirmation of independency of executive agents

*Source: Algemene Rekenkamer, 1995 (own calculations)*

**Table 2 Tasks of quangos at national level in 1993 and 2000**

Task	Number of quangos in	
	1993	2000
Supervision	72 (13%)	20 (5%)
Paying benefits	94 (17%)	103 (24%)
Judging quality	101 (19%)	48 (11%)
Licensing	18 (3%)	15 (3%)
Making regulation	46 (8%)	4 (1%)
Registration	48 (9%)	49 (11%)
Collecting fees	4 (1%)	2 (1%)
Quasi-judicature	118 (22%)	125 (29%)
Advise, co-ordinate, etc.	37 (7%)	19 (4%)
Research	7 (1%)	9 (2%)
Other	- (0%)	37 (9%)
<b>Total</b>	<b>545</b>	<b>431</b>

*Sources: Algemene Rekenkamer, 1995; Van Thiel & Van Buuren, 2001*

**Table 3 Number of quangos at national level per policy sector in 1993 and 2000**

Policy sector	Number of ZBOs in:	
	1993	2000
Cabinet of the Prime Minister	0 (0%)	0 (0%)
Foreign Affairs	1 (0%)	1 (0%)
Home Office	6 (1%)	33 (8%)
Education, Culture and Science <sup>a</sup>	65 (12%)	16 (4%)
Justice	85 (16%)	38 (9%)
Finances	7 (1%)	5 (1%)
Defense	1 (0%)	1 (0%)
Housing, Planning and Environment	68 (12%)	85 (20%)
Traffic and Waterways	24 (4%)	55 (13%)
Economics	49 (9%)	42 (10%)
Agriculture, Nature and Fishing	75 (14%)	37 (8%)
Social Affairs and Employment	92 (17%)	17 (4%)
Welfare, Health and Sport <sup>a</sup>	72 (13%)	101 (23%)
<b>Totaal</b>	<b>545</b>	<b>431</b>

<sup>a</sup> Between 1993 and 2000, Culture moved from Welfare to Education, and Sport went to Welfare.

*Sources: Algemene Rekenkamer, 1995; Van Thiel & Van Buuren, 2001*

**Table 4 Motives for the establishment of local quangos (N=233)**

<b>Motive</b>	<b>Mentioned in % of cases<sup>1</sup></b>
Stick to core business	26.7
Increase efficiency	21.0
Reduce costs of implementation	20.6
Separation of policy and administration	14.2
Work like a business	13.7
Improve quality of implementation	13.0
Reorganization of entire organization	7.7
Advantages of scale	6.0
Other (e.g. changes in legislation)	6.9
No motive found	41.6

<sup>1</sup> in a number of cases more than one motive was given

**Table 5. The use of autonomization, and other forms of service provision by Dutch municipalities 1994-1999 (N=181)**

	1994	1995	1996	1997	1998	1999
Internal autonomization	1	2	-	-	-	-
External autonomization	3	10	24	30	7	5
Public Private Partnership	-	-	-	1	-	-
Privatization	-	5	15	7	2	-
Competitive tendering	-	-	3	-	-	-
Load shedding	3	3	4	3	2	-
Unknown	1	12	27	8	2	1
<b>Total</b>	<b>8</b>	<b>32</b>	<b>73</b>	<b>49</b>	<b>13</b>	<b>6</b>

**Table 6 The use of quasi-autonomous organizations per policy sector by Dutch municipalities (N=115)**

	Autonomization		Other modes of provision				Total
	Internal	External	Privatized	Tendering	PPP	Other	
Administration	6	-	-	-	-	-	6
Culture	2	18	5	-	-	-	25
Education	1	9	-	2	-	-	12
Finances	1	-	1	-	-	1	3
Health	-	6	3	-	-	4	13
Housing	-	4	3	-	-	2	9
Facilities	-	2	1	-	-	-	3
Refuse	1	23	1	1	-	-	26
Roads	1	1	-	-	2	1	5
Planning	-	-	-	-	-	1	1
Sports	1	12	6	1	-	5	25
Traffic	-	3	-	1	-	-	4
Utilities	-	3	8	-	-	2	13
Welfare	2	3	-	-	-	-	5
<b>Total</b>	<b>15</b>	<b>84</b>	<b>28</b>	<b>5</b>	<b>2</b>	<b>16</b>	<b>150</b>

## Notes

<sup>1</sup> Next to the national and municipal level, there is a third tier of government in the Netherlands: the provincial level. Unfortunately, there is hardly any (systematically collected) information on quangos at the provincial level.

<sup>2</sup> In total 135 articles, books and master theses of Public Administration graduate students were reviewed as well as six volumes of a journal on privatisation, revealing 233 cases of the establishment of quasi-autonomous organizations in 155 Dutch municipalities. See for a full overview Van Thiel (2001c).

<sup>3</sup> This type of autonomization is comparable to the use of contract agencies by national governments (cf. Pollitt et al., 2001). However, contrary to the national level, internal autonomization in Dutch municipalities does not lead to the establishment of separate units within the administration. Existing units are given more managerial freedom ('a mandate') but keep their (hierarchical) position in the organization. At local level, the establishment of agencies would appear to bear more similarities with the process of external autonomization.

<sup>4</sup> Local agencies operate at arms' length of the government, which means that the accountability of local politicians is limited. Their legal basis is in public law. Examples observed in Dutch local governments are, among others, utility companies, hospitals and theatres. Local agencies should not be confused with the agencies at national level. Perhaps they can be compared

more to public bodies at the national level such as the Dutch ZBOs or the British Non-Departmental Bodies (cf. Greve *et al.*, 1999; Van Thiel, 2001a).

<sup>5</sup> Unfortunately, only 181 of the 233 case descriptions contained an accurate characterization of the type of autonomization that occurred.

<sup>6</sup> For the Dutch case, this is contrary to findings at national level where implementation of social benefits policies is (almost always) charged to quangos.

<sup>7</sup> Note that not all reviewed studies aimed to describe performance, which could explain the lack of information on this topic in part. However, the lack of evidence on performance results is quite systematically, both at local and national level (cf. Van Thiel, 2001a).

<sup>8</sup> In fact, it could be argued that the fact that most quangos do not obtain their expected efficiency gains refutes the practitioner theory i.e. the sum of the motives mentioned in tables 1 and 4.

<sup>9</sup> Data were used on ZBOs, which had been collected by the NCA (Algemene Rekenkamer, 1995) and from other secondary sources (see Van Thiel, 2001a, for a full account). In total, 392 decisions were taken between 1950 and 1993 involving the establishment of a quango. The data were analysed by a Poisson regression analysis using a time-lag (Long, 1997: ch.8; Agresti, 1996:80-93).

<sup>10</sup> My main interest here is in the process of adoption in general, not in the adoption of one type of quango, nor how any individual government uses a

particular type in practice. It should be recognised, however, that the type of established organization or degree of autonomy might influence the actual process of its adoption and diffusion.

<sup>11</sup> A review by Mizruchi and Fein (1999) showed that in 26 selected North-American studies the researchers claimed to be using only one type of isomorphism – mimetic – but in fact described phenomena that could be attributed to normative and coercive isomorphism as well.

<sup>12</sup> An interesting question in this respect is what benefits public managers have to gain from the decision to put policy implementation at arms' length.