

The involvement of agencies in policy formulation: Explaining variation in policy autonomy of federal agencies in Germany

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Abstract

The article addresses how government agencies perceive their own role and relationship with their parent ministry in policy formulation. Although a growing body of literature suggests that agencies are frequently granted this type of policy autonomy from their parent ministries, there is little systematic knowledge about why some agencies have more policy autonomy than others. The article analyzes data from a large-N survey of federal agencies in Germany, examining the self-perception of federal agencies with regard to policy formulation and feed-back on policy effectiveness. The article uses task characteristics, formal–legal structure, and cultural aspects of ministry–agency relations as main explanatory factors. A key result of this research is that task characteristics are more important for explaining policy autonomy than structural and cultural characteristics.

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1. Introduction

The dominant assumption regarding ministry–agency relations in parliamentary democracies is that agencies implement policies, whereas ministries are responsible for policy formulation and direct support of the political leadership. The separation of policy and operations is a major claim of the New Public Management (NPM) rhetoric for improving public sector performance (Verschuere, 2009). In Germany, which is not among the usual suspects of NPM reforms, the separation of policy and operations is at the core of the ideal-type model of public administration (Döhler, 2007). However, anecdotal evidence and a growing body of empirical literature suggest that federal agencies are frequently involved in policy formulation (Bach, 2010; Döhler, 2007; Elder & Page, 1998, 2000; Handke, 2010, 2012; Pehle, 1998). This observation is confirmed by studies from other countries (see Bach, Niklasson, & Painter, 2012 for a discussion of this literature).

A main finding of these studies is that agency involvement in policy formulation varies substantially across agencies. However, only few studies provide comprehensive theoretical explanations of this variation. Why are some agencies more closely involved in policy formulation than others? Moreover, most studies focus on a small number of cases. This methodological approach allows for in-depth analyses of ministry–agency relations and the development

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of middle-range assumptions. However, it performs less well in terms of generalizations across the agency population in a given context and in testing those assumptions. This is the major objective of the present article, in which middle-range assumptions regarding variation in agency involvement in policy formulation (“policy autonomy”) are tested on survey data of federal agencies in Germany.

Agency autonomy is a major topic of different strands of social science research. In the context of NPM reforms, granting agencies managerial autonomy is considered as means of improving the efficiency and effectiveness of public services (Pollitt, Talbot, Caulfield, & Smullen, 2004). In the literature on regulatory agencies, agency autonomy in the sense of restricting politicians’ authority to intervene in agency decisions is discussed as a solution to problems of credible commitment, policy conflict and political uncertainty (Yesilkagit & Christensen, 2010). More generally, the study of agency autonomy touches upon the perennial question of democratic control of the bureaucracy (Painter & Yee, 2011).

The concept of autonomy refers to a relationship between two or more actors. In parliamentary systems of government, agency autonomy is a function of the delegation of decision-making competencies from the parent ministry to the agency. The literature distinguishes between various dimensions of agency autonomy (Verhoest, Peters, Bouckaert, & Verschuere, 2004). A widespread definition refers to agency discretion in the implementation stage of the policy cycle (Howlett, Ramesh, & Perl, 2009; Jann & Wegrich, 2007). There is little doubt that operational decisions may shape policies in significant ways. However, this is not the focus of the present article, which explicitly addresses agency involvement in the development and formulation of policies. Whereas some authors use the more general term “policy making” (Elder & Page, 1998, 2000), others refer to this dimension as “policy autonomy” (Bach, 2010; Yesilkagit & Van Thiel, 2008), which is term that will be used throughout this article. In this sense, policy autonomy can be understood as the delegation of competencies to the agencies to become involved in policy development. Arguably, policy autonomy is a highly important dimension of ministry–agency relations because of its potential effect on the agency’s policy mandate. However, the concept of policy autonomy does not assume that agency preferences prevail over other actors’ preferences regarding the agency’s tasks. This is at the core of Carpenter’s (2001) concept of bureaucratic autonomy which encompasses the agencies’ ability to change politicians’ and interest groups’ preferences. Nevertheless, agency involvement in policy formulation is a major venue of influence on authoritative decisions which formally are not in the hands of agencies themselves such as statutory laws voted in parliament or government regulations. In short, policy autonomy can be understood as a necessary condition for bureaucratic autonomy.

The article is structured as follows: the next section reviews the literature on the role of agencies in policy formulation, followed by a description of the relationship between agencies and ministries in Germany. After that, I develop hypotheses on how agency task, structure and culture will affect policy autonomy. Then I present the method and data for the empirical analysis. The empirical basis of this article is a comprehensive survey of federal agencies conducted in 2008 as part of a cross-national research project.¹ A key finding is that all explanatory dimensions contribute to explaining variation in policy autonomy. However, task characteristics generally make the strongest contribution to the statistical models. Finally, the results are presented and discussed, followed by concluding remarks.

2. The role of agencies in policy formulation: an overview of the literature

In spite of widely held normative doctrines of separating policy and operations (Verschuere, 2009), anecdotal evidence and a growing body of literature suggest that agencies are frequently involved in policy formulation. In the remainder of this paragraph I summarize the main findings of the empirical literature on agencies and their roles in policy-making in Germany, thus expanding the literature discussion in the introductory article of this issue (Bach et al., 2012).

In the German context, the literature suggests that some agencies are frequently involved in policy formulation, whereas others operate at a rather large distance from this kind of activity. Döhler (2007) studies four large federal agencies and reports several episodes of policy formulation by federal agencies (e.g. drafting laws and regulations, negotiating EU regulations in Brussels together with parent ministry officials). He argues that agency involvement in policy formulation is generally considered as part of the internal decision process within the executive because it may

¹ Comparative Public Organization Data Base for Research and Analysis (COBRA) (see <http://soc.kuleuven.be/io/cost/>).

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