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Hansen, Morten Balle; Andersen, Vibeke Normann

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Denmark

Morten Balle Hansen and Vibeke Normann Andersen

20.1   Introduction

The Danish state administration is part of a large public sector that since a large-scale amalgamation reform in 2007 is organized in one state administration, five regions and 98 municipalities. Since the 1980s, almost one-third of the Danish workforce, measured as full-time employees, has been employed in the public sector, the majority providing welfare services in municipalities and regional healthcare. Approximately 15–20 per cent of full-time public positions are jobs defined as public administration as opposed to service production. Most of them are employed in the state administration (Hansen 2011b; Statistics-DK 2010).

This chapter focuses on the agencification of the Danish state administration. The analysis is informed by historical institutionalism (Rothstein 1998; Thelen 1999) and its notion of path dependency. The analysis draws on sociological institutionalism and its focus on the diffusion of ideas (Meyer, Boli, Thomas and Ramirez 1997) as well as its earlier emphasis on institutions as natural self-grown systems (Scott 2001; Selznick 1949).

In what follows, we provide a descriptive analysis of the current landscape of Danish state agencies followed by a brief post-Second World War history of agencification in Danish state administration. Then we analyse the current balance between autonomy and control in the Danish state administration, followed by a short conclusion.

20.2   The agency landscape

Our analysis of the current landscape of agencies in Danish state administration is based on mapping the landscape in the winter and early Spring of 2009 using Internet and yearbooks, followed by a survey conducted in April–June 2009 among the total population of the 262 agencies in the Danish state administration (Hansen, Jensen and Pedersen 2010). The response rate to the Danish survey varies across questions between 66 per cent and 55 per cent. Some of the responding agencies in the Danish survey are very small in terms of budget and number of employees. In the analyses in this chapter, agencies with fewer than five full time employees are excluded.

The concept of state agency in the public-administration literature is not entirely clear (Bouckaert and Peters 2004; Talbot 2004; Verhoest et al. 2010). However, all definitions seem to agree that organizational units called state agencies should both be related to the ministerial hierarchy and have some degree of autonomy from it. The 262 agencies in the Danish population are all detached from but hierarchically related to one of the then 19 parent ministries and departments, and have a formally separated organizational identity. Below, we provide a descriptive analysis of these state agencies by classifying the population of agencies and by describing the age and size of the responding agencies.

20.2.1   The agency landscape

Following van Thiel's legal-classification scheme from Chapter 2 (see also Verschuere 2007), the vast majority of Danish state agencies (around 60 per cent) can be characterized as 'semi-autonomous organization[s] without *legal independence* but with some managerial autonomy' (Type 1 agencies). Around 35 per cent of the agencies can be characterized as 'legally independent organization[s] with managerial autonomy' (Type 2 agencies). These are primarily cultural institutions such as museums and educational institutions. A few (around five per cent) agencies, such as Danish rail and Danish post have, since a privatization process in the 1990s, been organized as state enterprises. They are categorized as private or private-law-based organizations established by the government (Type 3 agencies). In the following, we use a modified version of the legal-classification scheme, comparing Type 1 agencies with no legal autonomy to Type 2 agencies and Type 3 agencies with legal autonomy. The basic hypothesis is that legal status of state agencies is significantly related to the balance of control and autonomy.

Another way to obtain an understanding of the Danish landscape of state agencies is to classify them according to their ministry. Due to the principle of ministerial rule in Danish state administration, this can to some extent be counted as 16 to 22, number of ministries 1950–2010 (Hansen 2011b), formally independent hierarchies granted the right to autonomously decide the structure and organization of the ministry and its agencies.

Referring only to the number of agencies, the ministry of culture (*Kulturministerie*) would win the prize as the most agencified Danish ministry in 2009 with 87 agencies – almost one-third of all the Danish state agencies in that year. The majority of these agencies are museums (26 agencies), educational institutions such as art and design schools (19 agencies) and theatre and music institutions such as the royal theatre (12 agencies). The second most agencified ministry in terms of the number of agencies was in 2009 the Ministry of Welfare[1] with 30 agencies – the most frequent being specialized knowledge centres for issues such as blindness, brain damage, and regional state authorities. The Ministry of Justice came third with 26 agencies including regional police departments and courts. At the other

Table 20.1 Formation year, employees and budget size compared by legal autonomy (Denmark)

Mean scores (Median)	A. No legal autonomy (Type 1)	B. Some legal autonomy (Type 2–3)	C. Total (Type 1–3)
1. Year of formation	1985* (1999)	1930* (1949)	1965 (1992)
2. Number of employees	433 (125)	184 (60)	344 (85)
3. Budget million DK Crowns	332 (95)	180 (49)	275 (68)
N	86–95	52–53	138–148

Note: *=statistically significant (.05 level) difference related to legal autonomy (column A and B).

end of the scale, neither the prime minister's office, the ministry of foreign affairs nor the ministry of church affairs have autonomous agencies.

Almost 60 of the 262 Danish state agencies are characterized as directorates (*styrelser*) which are distinct from departments in the Danish public administration system. (Christiansen 2005; Christiansen, Christiansen and Ibsen 2007). They are agencies often with some high autonomy (to be explored below) but no independent legal status (type 1). They are related to the 'A-60 model' that was introduced in Danish state administration in the 1960s. The model has been very influential (see below).

20.2.2   Age and size of the Danish state agencies

The oldest agency in the 2009 survey sample (Sorø Academy – an educational institution) was formed in 1586. The most recent were formed in 2008. Most of the recently founded organizations are a result of mergers with other agencies (regional police departments and state authorities). An interesting exception is 'Agency for Governmental IT-services' ('Statens It'), which is an attempt to coordinate and manage IT development across ministries. Above in Table 20.1, data on the year of establishment, number of employees and budget size of state agencies are presented using legal autonomy as a baseline for comparison.

The mean year of formation in the sample of agencies was 1965, while the median year was 1992. The mean formation year of agencies with legal autonomy is significantly lower than that of agencies with no legal autonomy. The measures of size (number of employees and budget size) are not statistically different in terms of legal autonomy, though the mean and median values are lower for state agencies with legal autonomy.

20.3   History and drivers of agencification

Changes in the internal organization of the central-state administration from the first democratic constitution in 1849 to the organization of today can be divided into a number of different periods (Bogason 1997). A four-epoch classification,

related to the overall evolution of the universal Danish welfare state, seems most illuminating (Hansen 2011b):

–   1849–1890: The consolidation of constitutional democracy;
–   1891–1945: The increasing democratization and slow expansion of the welfare state;
–   1946–1980: The rapid expansion of the welfare state;
–   1981–2009: The reorganization and reduction of public sector growth.

Besides capturing the broader trend, this sub-division reflects changes in the organization of the central administration reasonably well. Broadly speaking, the slow expansion of the state into a universal welfare state until 1946 corresponds to a long-term tendency to increase the number of ministries from the original 7 in 1849 to 16–22 ministries after World War II (Hansen 2011b).

Internally, Danish ministries had been historically organized according to a unitary principle since 1849 (Hansen 2011b). The minister was (and still is) individually responsible for all activities within the ministry as opposed to a collective model in, for example, Sweden. Even though central-government initiatives for reform are common, Danish ministers enjoy high individual ministerial autonomy and have room for discretion with regards to the internal organization of the ministry. Probably due to this principle as well as the variation in tasks between ministries, we now see considerable variation in the internal organization and agencification of Danish ministries (Finansministeriet 2006; Jørgensen and Hansen 1995). The increasing number and complexity of tasks that followed the post-war expansion of the welfare state challenged the unitary ministerial system.

From the 1950s to the 1990s most ministries were organized in four types of units: 1) One or two (since 1999 only one) department(s) with direct access to the minister, with the primary task of providing the minister with policy advice; 2) One or more directorates (agencies) with more specialized tasks (*direktorat* or *styrelse*) and some autonomy from the ministerial hierarchy; they have less frequent relations to the minister and possess varying degrees of autonomy; 3) general directorates with substantial autonomy to solve specialized task, such as the national railway and postal system; 4) public organizations with more specific tasks, such as educational or cultural agencies (Hansen 2011; Jørgensen and Hansen 1995: 550). The organizational mix between these four types of units varied and still varies across the various ministries.

The first wave of agencification in Danish state administration is most plausibly interpreted as a response to the increasing variation and complexity across ministries that followed the post-war expansion of the welfare state. It was initiated with the A-60 committee in 1962 (Bet. 1962) which drew up the contours for the Danish 'A-60 model'. The model resembles an almost simultaneous Norwegian reform trend (Christensen and Lægreid 2007a). According to the logic of this model, ministries should be organized in two basic types of units: small strategic policy-oriented departments close to the minister and the political system, and

large directorates (*styrelse*) with more specialized regulation and/or implementation of tasks somewhat disconnected from daily politics. Due to the principle of ministerial responsibility and unity, the directorates are in principle subordinated to ministerial rule, albeit with varying restrictions on the interference of the department and the minister. This early form of Danish agencification precedes the current international understanding of agencification as part of the NPM trend (Gregory and Christensen 2004). Rather than driven by a transnational diffusion of ideas, it was driven by an attempt to solve the problems of organizing the administration of the expanding universal welfare state.

The A-60 model (or department–directorate model), which is a Danish version of the modern rational attempt to neatly separate politics and administration (Svara 1998; Weber 1946; Wilson 1887), was influential, but never universally adopted in Danish state administration. It continued to be discussed in search of a renewed model during the 1970s. The continuing growth of the public sector was still an issue, but the overwhelming reform agenda was set by a local-government reform in 1970 followed by the extensive devolution of tasks from central to local government diminishing the tasks of some directorates (Jørgensen and Hansen 1995: 551–53; Andersen 2010).

During the period from the 1980s, a second trend emerged, clearly influenced by transnational diffusion of ideas showing signs of both agencification and marketization (Jørgensen and Hansen 1995: 549). Reforms in this period were marked by managerial autonomy as well as structural centralization. The overall imperative was to reduce public-sector growth through reorganization (Bentzon 1987; Ejersbo and Greve 2005). International trends labelled NPM (Hood 1991) inspired reorganization but were significantly adapted and transformed. Concepts such as organizational innovation (Hansen 2011a) or hybridization (Røvik 2007) seem appropriate proxies of the processes taking place. Reorganization was introduced in general to Danish central as well as local government, but not as a coherent reform. A model adapted from the private sector called 'koncern-modellen', for instance, inspired some ministries to organize their department as a holding company with a number of divisions (directorates/agencies) and introducing group management. There were examples of merging or absorbing directorates into or between departments or other directorates. Some of these reorganization initiatives were signs of de-agencification (Jørgensen and Hansen 1995). In this sense, the increase in number of directorates since the 1980s actually covers up more substantial changes due to the processes of merging and absorbing existing directorates, not just creating new directorates.

In the 1990s, a radical reorganization of the general directorates took place. The general directorates had been abolished during the 1990s and reorganized into different types of state enterprises or quangos, formally downsizing the state administration. Thus, under the reign of the social-democratic government of the 1990s, the number of state employees was downsized by approximately 45 percent from 1990 to 1999 due to the fact that former state employees of the general

directorates were now registered as part of the private sector (Finansministeriet 2006; Hansen 2011b).

In the 1980s management by budget, frames and objectives (MBO/MbOR) were high on the reform agenda. In discourse and perceived impact, it has become the main model of Danish administrative practice. Since the beginning of the 1990s central government experimented on a scattered basis with contract agencies (Jørgensen and Hansen 1995: 55).

Concluding with the era from 1980 to the late 1990s it was highly influenced by transnational diffusion, but also translation and adaptation, of ideas broadly associated with NPM.

This tendency has in some ways been strengthened in the last decade. Especially the tendency to organize department–agency relations in terms of performance contracts has been strengthened. By now, the use of internal performance contracts (MBC) between departments and their directorates has become the almost universal form of managing by objectives and results. By 2005, 90 per cent of the then 54 directorates were subject to contract management (Binderkrantz and Christensen 2009: 66). The reason for the success of the contract model resembles a path-dependency argument: 'The existing agency structure lent itself to an easy spread of contracts throughout the government as no major reorganization was necessary to implement contracts' (Binderkrantz and Christensen 2009: 56).

We also see strong signs of attempting to strengthen the coordinative capacity of the state administration. One driver seems to be digital-era governance (Dunleavy, Margetts, Bastow and Tinkler 2008) demanding much stronger coordination of public-sector reorganization. Another driver may be that NPM has entered the age of paradox (Christensen and Lægreid 2007b; Hood and Peters 2004). Learning and problem-solving processes may take place in which some unintended negative consequences of agencification (weak coordination capacity) have become visible and led to attempts at remedying reorganizations (new or stronger coordinative forums). At least the main trend in most ministries in the last decade has been a de-agencification process. The number of regional-state agencies (for instance, police departments) has been downsized due to larger regional units. Also the number of educational institutions has decreased due to mergers into larger units (for instance, University of Southern Denmark is a multi-site university merged from previously autonomous research and higher education institutions). The most agencified ministry, in terms of number of agencies, the ministry of culture, is currently (February 2011) planning to merge the many cultural agencies into larger units.

20.4 Autonomy and control

How much autonomy should be delegated to the agencies? How should the autonomous agencies be controlled? How much decision-making power should be kept at the centre of the ministerial departments? How should the relation between the departments, the agencies and other stakeholders be organized? How should political and democratic accountability be ensured? These questions are

normative in nature and related to issues of accountability and transparency in the parliamentary chain of command in a parliamentary democracy (Schumpeter 1942; Strom 2000) as well as to issues of efficiency in public administration and organization science. Much will depend on cultural norms likely to be different in different countries (Pollitt 2004). Even when agreeing on basic normative positions (democratic control is good; efficiency is good; flexible adaptation is good), it is a matter of balance between partly opposing organizational principles. There is much truth to the interpretation of (public-) management reform as largely an oscillation between contradictory principles (Brunsson and Olsen 1993; Hood and Jackson 1991; Jørgensen and Melander 1992; Pollitt 2004; Simon 1992).

Below, we provide a short descriptive analysis of the current perceived practice of autonomy (20.4.1) and control (20.4.2) between the ministerial departments and their agencies based on our survey data. We then discuss important issues on the agenda in the Danish context in terms of balancing autonomy and control (20.4.3).

20.4.1 Legal status and dimensions of autonomy in Danish state agencies

Organizational autonomy has been defined in various ways in the academic literature (Verhoest, Peters, Bouckaert and Verschuere 2004). The legal-classification scheme offered by Van Thiel (see Chapter 2) presumes that legal status is a good proxy for agency autonomy and we examine this assumption here by comparing legal autonomy to five other dimensions of agency autonomy as well as a composite measure:

1. Task autonomy (as an element of policy autonomy) – degree of autonomy to select target-group, means and task prioritization (index based on three measures)
2. Goal autonomy (as a second element of policy autonomy) – degree of autonomy to decide the goal of the agency (one measure)
3. Strategic-HRM autonomy – degree of autonomy to decide on matters concerning agency employees (index based on five measures)
4. Financial-management autonomy – degree of autonomy to decide about financial transactions (loan taking, setting tariffs, contracting and budget shifts (index based on six measures)
5. Financial autonomy – own income from fees or other payments at disposal (one measure)
6. Total autonomy – Summative index of the five dimensions above (sixteen measures)

We use a 1–100 autonomy scale in which a score of 100 indicates the highest possible degree of autonomy while 1 is the lowest possible degree of autonomy. Thus, an agency with the score 100 on all five dimensions has the highest possible perceived degree of autonomy.

Table 20.2 Dimensions of autonomy compared to legal status (Denmark)

Mean scores (N)	A. No legal autonomy (Type 1)	B. Legal autonomy (Type 2–3)	C. Total (Type 1–3)
1. Task autonomy index	78 (81)	82 (43)	79 (124)
1a. Specification of target group	72 (83)	76 (44)	74 (127)
1b. Selection of means	75 (82)	82 (43)	78 (125)
1c. Concrete handling of tasks	87 (86)	86 (43)	87 (129)
2. Goal autonomy (set own goals)	73 (87)	77 (46)	75 (133)
3. Strategic-HRM autonomy index	66 (82)	72 (42)	68 (124)
3a. Level of salaries	56 (83)	59 (45)	57 (128)
3b. General criteria for promotion	66 (83)	74 (44)	69 (127)
3c. General criteria for evaluation	72 (83)	80 (43)	75 (126)
3d. General criteria for recruitment	70 (82)	74 (45)	72 (127)
3e. General criteria for downsizing	66* (83)	76* (44)	70 (127)
4. Financial-management autonomy index	41* (73)	56* (42)	46 (115)
4a. Take out loans for investment	22 (79)	35 (44)	27 (123)
4b. Set tariffs/prices	33* (76)	64* (44)	44 (120)
4c. Conclude contracts with private actors	67 (81)	73 (43)	69 (124)
4d. Transfer of funds between personnel and running costs	42* (80)	59* (44)	48 (124)
4e. Transfer of funds between personnel/ running costs and investments	34* (79)	52* (44)	41 (123)
4f. Transfer of funds to the next budget year	55 (79)	52 (43)	54 (122)
5. Financial autonomy	51* (70)	85* (44)	64 (114)
6. Total autonomy index	59* (58)	69* (38)	63 (96)

Note 1: *=statistically significant (.05 level) difference related to legal autonomy (column A and B).

Note 2: Mean scores (number of respondents in brackets). Scales recoded from different three, five and six point scales into an index scale ranging from 0 (lowest possible autonomy score) to 100 (highest possible autonomy score). The higher score the more autonomy. Cronbachs alpha>0.70 for all indexes.

Comparing columns A and B, the data presented in Table 20.2 lends support to the proposition that legal status is a suitable proxy for agency autonomy. Danish agencies with no legal autonomy (column A) score lower mean values compared to agencies with some legal autonomy (column B) on almost all measures of autonomy, although only statistically significant for financial-management autonomy and income autonomy and the composite measure of total autonomy.

Comparing the rows of column C in Table 20.2 reveals a hierarchy of degree of autonomy based on five dimensions. The highest agency autonomy is granted on goal setting and defining and executing tasks. In other words, managers of Danish state agencies tend to have relatively high degrees of policy autonomy to formulate goals and decide how to fulfil tasks. They tend to have somewhat

lower degrees of autonomy concerning the strategic-HRM decisions. The lowest degree of autonomy relates to financial-management transactions and the degree to which the organizations have their own income besides government budget allocations.

In terms of balancing autonomy and control, it is an informative, if not surprising, illustration to compare the highest and lowest autonomy score of the included measures. On average, agencies have most autonomy regarding 'the concrete handling of tasks' (Mean score 87) and least autonomy for 'taking out loans for investment purposes' (Mean score 27).

20.4.2 Legal status and dimensions of control in Danish state agencies

The concept of control has many meanings in the organizational literature in general (Scott and Davis 2007) as well as in the public-administration literature (Verhoest et al. 2010). Focus is here on ministerial control of the state agencies (Verschuere 2007). Table 20.3 shows whether ministerial control mainly focuses on 'administration of finances, budget and accounts', which is called economic control; on legality and compliance to rules, regulations and precepts (legal and rule control) or results and goal achievement (result control).

Comparing agencies on the legal-status dimension (column A and B), legally autonomous agencies are subject to less control on all dimensions, although the economic dimension (row 1) is statistically insignificant. Thus, agencies with no legal autonomy tend to be under a tighter control regime than agencies with some legal autonomy.

Besides the control measures reported in Table 20.3 it may be illuminating to report a few other findings concerning the control of Danish state agencies. 85 per cent of the responding agencies report that they have a quasi-contract with their ministry, while 78 per cent report that the contract includes measureable indicators of goal achievements. However, less than 13 per cent report that they are

Table 20.3 Control dimensions compared to legal status (Denmark)

Mean scores (N)	A. No legal autonomy (Type 1) (N=83)	B. Some legal autonomy (Type 2–3) (N=46)	Total sample (Type 1–3) (N=28)
1. Economic control	90 (82)	83 (46)	88 (128)
2. Legal and rule control	91* (82)	82* (46)	87 (128)
3. Result control	91* (82)	81* (46)	87 (128)
4. Overall control	85* (82)	74* (46)	81 (128)
5. Frequency of control	64* (82)	50* (46)	59 (128)

Note 1: *=Statistically significant (.05 level) difference related to legal autonomy (column A and B).

Note 2: Mean scores (number of respondents in brackets). Scales recoded from four five point and one six point scale into an index scale ranging from 1 (lowest possible control score) to 100 (highest possible control score). The higher score the more control.

Measures whether ministerial control mainly focuses on 'administration of finances, budget and accounts'('economic control'); on legality and compliance to rules, regulations and precepts (i.e. legal and rule control) or results and goal achievement (i.e. result control).

rewarded for good results and only six per cent reports that they are punished for bad results to a high or very high extent. These findings seem to indicate a discrepancy between the logic of the formal system and its utilization in practice.

Combining the findings in Tables 20.2 and 20.3 the importance of legal status to autonomy and control is very pronounced. Agencies with some legal autonomy tend to have more management autonomy and be less subject to control from their parent ministry.

20.4.3 Balancing autonomy and control in Danish state agencies

In the international literature on agencification a practitioner ideal type called 'the tripod of agencification', (1) structural disaggregation; (2) autonomization; (3) contractualization, has been suggested as having a strong if not hegemonic status (Christensen and Lægreid 2007a; Pollitt and Talbot 2004; Verschuere 2007). Danish state administration has to some extent moved in that direction during the past 50 years. The Danish practitioner's discourse and (less so) practice on balancing autonomy and control in state administration were from the 1960s and onwards strongly influenced by the A-60 model. As mentioned, the model recommended a split between departments and directorates, however, only enhancing (very) moderate structural disaggregation and autonomization. From the 1980s management by objectives (MBO) and tightened budget frames became the dominant paradigm emphasizing slogans such as let the managers manage. While adding stronger emphasis to autonomization as a normative ideal and formulating measureable goals and *ex post* control of results to ensure accountability, it also matched perfectly with the A-60 idea of splitting the ministerial organization based on the politics–administration divide. In the 1990s management by contract was introduced and has in the 2000s become the dominant form of organizing the relation between agencies and their departments (see above). Rather than a break with previous practice, it fits into the logic of the older A-60 and MBO schemes. At least in terms of discourse and formal structure, the tripod model has to some extent been adopted by the Danish state administration. But it has never been a one-way easy-going process.

20.5 Recent debates and developments

One constant issue causing trouble has been the difficulty in drawing a line between politics and administration. Under specific circumstances, tasks handled by the agencies might become salient political issues that politicians and ministers feel obliged to take action on.

Another constantly returning issue has been the difficulty in formulating meaningful measurable goals according to which agencies can be held accountable. The severity of this problem varies across task areas. However, many policy areas encounter problems when attempting to formulate and quantify meaningful indicators. These systems risk producing counterproductive consequences if management by measurement is pushed too hard (Van Thiel and Leeuw 2002). This may be one reason why very few agencies report that they are met with sanctions (to a high/very high extent) in case of poor results.

A third issue has been problems of coordination. The tripod model recommends specialized autonomous agencies controlled by their results. This has been criticized for reducing state capacity to achieve coordinated action (Christensen and Lægreid 2007a). The problems of coordination can, however, not only be ascribed to the tripod model in Danish state administration. There is a long tradition of ministerial rule in Danish state administration and of autonomy in Danish local government. Thus, the old formal structure as well as agencification does pose problems of coordination. We have in recent decades seen a number of attempts to strengthen coordinative capacity by, for instance, strengthening the position of the Ministry of Finance (Jensen 2003) and changing the career patterns of the civil service (Hansen and Salomonsen 2011). The recent tendency to reduce the number of agencies (see above) may also be seen as an attempt to cope with coordination problems.

20.6   Conclusion

The post-war history of agencification of Danish state administration, understood as the creation of more and more autonomous agencies with organizational identities separated from ministerial departments started in the 1960s, before the Anglo-Saxon NPM movement. As a consequence elements of NPM were easily translated and adapted to the Danish context, while other parts were abandoned or postponed. This observation partly lends support to both the theoretical notions of path dependency and diffusion of ideas.

We find simultaneous trends of agencification and de-agencification in the history of the state administration. The main reasons are probably the principle of ministerial rule combined with huge variation in ministerial size and tasks. However, the most recent trend has been towards de-agencification by reducing the number of state agencies.

The current landscape of agencification is characterized by a relatively high degree of agency autonomy followed-up by strong *ex post* control. Distinguishing between goal, task, employee, income and budget autonomy, it is possible to deduce a hierarchy of agency autonomy. By and large, managers of Danish state agencies tend to have high degrees of autonomy to formulate goals and decide how to fulfil tasks. They tend to have somewhat lower degrees of autonomy concerning their employees. The lowest degree of autonomy concerns economic issues of budget and income. Agencies with legal status tend to have higher autonomy than agencies without.

Note

1. Most of these agencies where transferred to the ministry of social affairs in 2010 as a result of a government reshuffle.

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Ari Salminen, Olli-Pekka Viinamäki and Johanna Jokisuu

21.1   The agency landscape

The creation of executive agencies and agencification, as observed in many OECD countries during the past 20 years, has a multi-faceted nature in the Finnish central government and is characterized by substantial variation. The landscape of Finnish central-government agencies reflects administrative and organizational reforms as well as administrative stability and continuous administrative performance at the same time. Some Finnish agencies have a long organizational history while some agencies have been established alongside the NPM cultivated reforms. There is also a great variation in the steering, management and performance control of the agencies. Certain agencies with numerous service and regulatory functions have strong autonomy while other agencies, which are highly focused in their service or regulatory functions, have low levels of autonomy.

Agencies have been a solid and longstanding part of Finnish state administration. Some agencies were established in the early 17th century; nowadays there are some 130 agencies in the state administration. However, the number of agencies has steadily grown from the 1990s, under the influence of the NPM, especially after the privatization of government organizations.

The overall administrative landscape for the agencies in the Finnish state administration is as follows. The state administration has an average total of 84,000 employees, 5,000 of whom are employed in ministries, 24,000 in other central-government agencies and public bodies, and 55,000 in the state's regional and local administration. Universities and polytechnics have approximately 31,000 employees.

In brief, central government is the entity covering: 1) government (cabinet) and 12 ministries, and 2) central-government agencies and bodies. The state administration covers central, regional and local bodies and authorities. Most central-government agencies and bodies also have regional and local offices. They also comprise organizations which are not public authorities, but which carry out public tasks or execute public powers. Some of these organizations are essential agencies in the Finnish system, such as large pension institutions (KELA) and the