



Encyclopedic Dictionary of Public Administration

The reference for understanding government action

AGENCY

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In public administration, an agency is an entity that enjoys a certain degree of autonomy from one of the government's central bodies (a department or ministry) – without being formally independent – and that is charged with providing public services on behalf of this central body.

Much as with the terms “governance” or “network,” but independently of any vogue, the term “agency” has become particularly popular since the late 1970s. In response to the manifest failings of bureaucracies, as criticized in particular by the rational choice school (Shughart and Razzolini, 2001), a number of reforms aimed at delegating certain services or public service components have been implemented in the OECD countries, the most popular of which remains the UK government initiative known as “Next Steps.” Historically, the origins of the public administration phenomenon of agencification (Flinders, 2004) can be traced to the “neoliberal turn” and the wave of economic deregulation occurring in the 1970s and 1980s (Jobert, 1994). However, this phenomenon involves more than the mere transposition of private sector practices into the public sector, as advocated by Osborn and Gaebler (1992). Likewise, owing to its duration, scope and diversity, it cannot be reduced to the implementation of the principles of managerialism and New Public Management. Instead, it is the expression of a structural shift in public management, referring to the efforts to reconcile the quest for performance with renewed public service requirements (Pollitt and Talbot, 2004).

The term “agency” is applied to entities that are highly disparate in terms of their missions (e.g., regulating a sector of economic activity, delivering public services, counselling the government, promoting citizen participation, etc.), rationales (of a more or less ideological cast), and institutional designs. To prevent it from becoming a catch-all term and thus losing all relevance, “agency” should be used to refer to an entity that possesses the following, relatively common characteristics. To begin with, the creation of an agency necessarily entails delegating certain managerial powers. By seeking to establish an “arm's length” distance between political decision-makers and public service management, delegation should serve to improve the allocation of public resources (Epstein and O'Halloran, 1999). In effect, the political enterprise, which is characterized by the pursuit of power, in the case of party leaders, and by the pursuit of objective goals and the securing of personal advantages, in the case of active party members (Weber, 2003), does not appear to optimize the allocation of resources. Particularly where the creation of agencies is concerned, elected representatives must deliberately commit to abstaining from engaging in electoralism or clientelism in order to influence the mechanisms of distribution, redistribution and regulation of public services. Within the framework of this credible commitment (Miller, 2000), so-

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called strategic activities, which come under the authority of the responsible central entity (the “principal” according to agency theory), are differentiated from operational activities, which can be delegated to an external entity – specifically, an agency (referred to as an “agent” according to this same theory). Secondly, in order for this agency to successfully carry out its mission, it is accorded a discretionary power regarding the use of the resources granted to it by the principal. Nevertheless, the exercise of this power is framed by various standards or conventions established by the principal.

The comparative study of Yataganas (2001) concerning agencies in Europe and the United States, provides a basis for identifying four arrangements framing the management of agencies. The first such arrangement – and the most important one, politically speaking – concerns establishing the authority invested with the power to appoint the director or directors of agencies and establishing the responsibilities of these directors. In order to place interaction between the principal and the agent on sound footing, most agencies appear to have adopted a “two-headed” management structure consisting in, on the one hand, the agency's executive director, who represents it and oversees day-to-day management and, on the other hand, the administrative or management board, which is made up of representatives of the principal or principals and, occasionally, representatives of civil society. Secondly, in order for a public entity to qualify as an agency, its budgetary controls must be performed on an ex post basis in relation to a set of clearly defined outcomes. Thirdly, the preferred approach to management among agencies is procedural in character, inasmuch as their administrative practices are determined not only by the legal text under which they were constituted but also by internal policies, notices, guidelines issued by the management board, etc. Fourthly, one of the advantages sought after by the creation of an agency is to permit specialization – specifically, the development of expertise in a setting that is stable and shielded from the changing fortunes of the government's agenda. From this perspective, agencification would appear to be synonymous with professionalization – that is, the regulation of public services through conformity with standards of professional integrity. Accordingly, the implementation of such long term conditions goes hand in hand with stronger requirements respecting ethics and the protection of an agency's decision-making independence from the influence of various stakeholders.

Far from depoliticizing public affairs, the creation of agencies in OECD countries, coupled with the prerequisite contractualization of relations between public actors, testify to a deep-running transformation of public management. As with any other contract, the contract regarding a public agency is always incomplete and subject to interpretation. The risk attaching to agencification thus involves the potential for creating an accountability vacuum. The role of elected political representatives – however much it is deliberately placed at arm's length – nevertheless consists in defending the general interest by working out compromises between measures to empower the agent and those used to exercise appropriate oversight.

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