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NPM's "Ideals" About the Accountability and Control of Outsourced Activities: Tough, But Realizable, Or A Utopian Dream?

Henk ter Bogt

Based on 25 cases, the accountability and control processes of activities outsourced by municipalities in the Netherlands are analysed. The focus is twofold: on the accountability and control processes between the external party and the municipality, and on the role played by councillors (elected politicians). The research shows that the typical accountability and control relationship in this context is characterised by a low emphasis on outputs. However, detailed financial information and frequent informal contacts between civil servants (on behalf of the Executives) and the external party are very important. Furthermore, the accountability and control relationship with respect to (activities and) outputs seems to be rather loose, also when 'proper' output information is available in accounting documents. Finally, trust is crucial in the relationship, a notion which is not advocated by NPM and its underlying principal-agent theory.

KEY WORDS: outsourcing, accountability, trust, control, New Public Management

摘要

基于25项案例，本文分析了由荷兰市政府委托外包的各项活动的问责和管理过程。文章聚焦于两点：一是外部团体和市政府之间的问责和管理过程，另一个是议员（当选的政客）在其中扮演的角色。研究表明，在此背景下典型问责和管理关系的特征表现为对输出的低度重视。然而，公务员（代表行政官员）和外部团体之间进行细致的金融信息交流和频繁的非正式接触是极其重要的。此外，当会计凭证可提供“适当的”输出信息时，与输出（以及活动）相关的问责和管理关系似乎也相当松散。最后，信任在上述关系中尤为重要，但这个观点并不被新公共管理及其潜在的委托代理理论所倡导。

关键词: 外包, 问责, 信任, 管理, 新公共管理

Resumen

Basándose en 25 casos, los procesos de rendición de cuentas y control de actividades externalizadas por los municipios en Países Bajos son analizados. El enfoque tiene dos partes: los procesos de rendición de cuentas y control entre la entidad externa y el municipio y el papel que juegan los concejales (políticos elegidos). La investigación demuestra que la relación típica entre la rendición de cuentas y el control en este contexto está caracterizada por un bajo énfasis en los resultados. Sin embargo, la información financiera detallada y los contactos informales frecuentes entre los

servidores civiles (por parte del ejecutivo) y la entidad externa son muy importantes. Adicionalmente, la relación entre rendición de cuentas y el control respecto a (actividades y) resultados parece estar muy suelta, también cuando la información 'apropiada' de resultados está disponible en los documentos de contabilidad. Finalmente, la confianza es crucial en la relación, una noción que no es apoyada por NPM y su teoría subyacente de agente principal.

PALABRAS CLAVES: externalización de actividades, rendición de cuentas, confianza, control, New Public Management

Introduction

Following the views about efficiency, managerialism, decentralization, and privatization as proposed by New Public Management (NPM), many government organizations have over the past three decades outsourced or privatized parts of their tasks (Hood, 1995). Although through the years various other "reform models" have been defined for the public sector, and NPM has often been severely criticized, several elements of NPM survived and have lately received renewed attention in the public sector. This interest has particularly surfaced since the onset of the financial crisis and the related budgetary problems faced by many governments (Lodge & Hood, 2012; Pollitt & Bouckaert, 2011, p. 208). In the Netherlands, one of NPM's more prominent elements has in recent years been the outsourcing of government tasks.

In the context of NPM, there has also been an obvious desire to increase the transparency and accountability of the public sector. Accountability information, among which accounting documents, can contribute to transparency and also provide a basis for control. Transparency and accountability can be regarded as important concepts in the public sectors of democratic societies. They stand for fairness and equitability, promoting the availability of information as well as accountability to both citizens and other stakeholders (Bovens, 2005; Dahler-Larsen, 2012; Van de Walle, Sterck, Van Dooren, Bouckaert, & Pommer, 2004, p. 299).

The focus in this paper is on accountability, which has become a prominent theme in the discussions about NPM and other similar "reforms," certainly in the context of the control of external agencies, partnerships, and other outsourced activities (see, for example, Pollitt & Bouckaert, 2011; pp. 7–11). In the Netherlands, for example, it has been pointed out that the members of the municipal councils generally have very little insight into the performance of the organizations to which they have outsourced tasks (Vriesema, 2015). In a municipal context, however, information on budgets, processes, or performance can provide a useful basis for control. It facilitates accountability for the outsourced tasks and can also serve as an instrument for maintaining the citizens' confidence in government and its legitimacy (Bovens, 2005, pp. 192–193).

To explore accountability and control in the context of activities outsourced by municipalities in the Netherlands, the emphasis in this study has been on: (1) the role of output information and trust in the accountability and control process between the external party and the municipality (i.e., its civil servants, on behalf

of the Executive) and (2) the role played here by councilors, who are elected politicians. It is argued that the information as supplied by the external party can contribute to its account giving as regards issues such as costs, output, and/or processes, and this can provide a basis for the control by civil servants and councilors of the outsourced tasks. In researching these issues, accountability is considered in an “instrumental” manner, namely as a tool to help civil servants and politicians control outsourced activities efficiently and effectively.

Although research has indicated that output control, and even more so outcome control, can be problematic, for example, when outputs are difficult to measure (see, for example, Hofstede, 1981; Ouchi, 1979; ter Bogt & Tillema, 2016; ter Bogt, van Helden, & van der Kolk, 2015), it is particularly these elements on which NPM is specifically focused. This emphasis is also the basis for the performance budgeting used in Dutch municipalities, which suggests that their control of outsourced tasks is output (and outcome) oriented. However, the field research presented below indicates that the municipalities’ accountability practices and control of outputs are mostly informal. There is a considerable role for factors such as trust, shared values, autonomy, and collaboration. Even in the cases where “proper” output information was available, this documentation was hardly used to control the external party. This thus meant that the mechanistic, principal-agent market type of control as suggested by NPM, starting from routinely produced outputs and the assumption of opportunistic behavior by the agent, was hardly observed. So, rather than tight forms of output control, which would be in line with NPM (and the economic theories underlying NPM), what we saw instead was that trust and informal control relationships played an important role in the cases researched (cf. Ditillo, Liguori, Sicilia, & Steccolini, 2015; Pollitt, 2003; Van Slyke, 2007).

It seems that currently there is only a limited amount of empirical research which deals on a more in-depth level with the accountability and control of outsourced tasks, particularly in relation to the measurability of outputs in the specific context of local governments (see for some related research, for example, Cäker & Siverbo, 2011; Ditillo et al., 2015; Johansson & Siverbo, 2011; Johansson, Siverbo, & Camén, 2016; Overman, van Genugten, & van Thiel, 2015; ter Bogt & Tillema, 2016; cf. Pollitt & Bouckaert, 2011, p. 210). Moreover, hardly any attention is paid in these studies to the actual use that is made of the output information available and the role of the political dimension in local governments. However, outsourcing is a very common and important phenomenon. For example, the limited knowledge available on this topic does tell us that in 2016, the 390 Dutch municipalities’ expenditures on outsourced tasks amounted to around 35–40% or more of these organizations’ annual budgets (see also Pommer, Ooms, van der Torre, & Jansen, 2012, pp. 197–201). For that reason, it is certainly relevant to investigate the process of accountability and control of outsourced tasks and the role of output information in this context.

This paper is based on field research conducted within Dutch municipalities, and is structured as follows. The following section presents literature in the field of accountability and control, and briefly introduces NPM and the principal-agent

theory. It also provides the research questions. Next, the methodology and the field research are dealt with. After that, the paper presents an overview of the empirical findings. It concludes with a discussion and a conclusions section.

Control and accountability of outsourced tasks: literature review

Outsourcing, accountability, and control

Outsourcing in the public sector is a broad concept. It can include, for example, relatively simple forms of contracting out specific activities to an external organization. However, it can also entail the autonomization of government tasks and the development of agencies, partnerships, and networks, or other forms of co-operation between a municipality and external organizations (see, for example, Kraus & Lindholm, 2010). These organizations can be public, third, or private sector businesses. Although forms of contracting out and co-operation between the government and external organizations have in most countries always existed, NPM promotes further outsourcing and “marketisation.”

Since the mid-1980s, several NPM-like changes have been introduced in the municipalities in the Netherlands. Although NPM is not a uniform concept, it generally involves the introduction of various “business-like” instruments, such as the use of private sector management tools, performance measurement, output accountability, and privatization, all meant to help improve efficiency (Hood, 1995; Talbot, 2016). Aside from this efficiency objective and more ideological reasons, such as reducing the size of government, NPM changes in the Dutch municipalities have particularly been initiated to strengthen the position of the councilors. The availability of more elaborate accountability information about outputs and outcomes is considered to enable the councilors to control the municipal organization more effectively. Furthermore, more extensive information on “results” and efficiency was supposed to enhance citizens’ support for the local politics (van Helden, 1998).

So under NPM, account giving with respect to outputs (and if possible outcomes) is a very important aspect in Dutch municipalities. This responsibility also relates to outsourced activities, since they are financed by public money, for which municipalities are—and should be held—accountable. Outsourcing creates an agency relationship, which means that based on a written contract one or more persons or organizations (the “principal”) engage another person or organization (the “agent”) “to perform some service on their behalf which involves delegating some decision making authority to the agent” (Jensen & Meckling, 1976, p.308). Here, the agent is generally the specialist who has the most detailed knowledge about the tasks to be performed and the performance to be realized.

Agency theory, more precisely the principal-agent theory, which can be regarded as one of the theoretical foundations of NPM (Gruening, 2001, p. 7; Hood, 1991, p. 5), focuses on the information asymmetry between the principal and the agent and the related distrust between them (Bouckaert, 2012). A principal can try to reduce the possible negative effects of this asymmetry by writing a “complete”

contract, as well as by developing “proper” monitoring and incentive structures that curb tendencies toward opportunistic behavior by the agent, in other words, actions that serve the agent’s interests instead of those of the principal (Jensen & Meckling, 1976; Pratt & Zeckhauser, 1985, pp. 3–6). So, clear performance contracts and tight monitoring are desirable. NPM suggests that in contracts and in the control of the tasks outsourced to an agent, governments have to emphasize the output (rather than the input and activities/processes, as has been traditionally the case), just as they should do when monitoring their internally executed tasks.

Following the basic ideas of principal-agent theory, providing performance information contributes to the accountability of the agent toward his/her principal (Holmström, 1979, pp. 86–89; cf. Prat, 2006). In democratic societies, accountability is important in the public sectors because the politicians in these settings are required to be able to explain and justify their conduct (Bovens, 2007, pp. 449–450, 453–455; Kondo, 2002, pp. 7–10; Posner, 2011, p. xii). More in general, accountability could be defined as a hierarchical relationship in which a principal demands reasons for conduct from an agent, and in which sanctioning (by the principal) can play a role (Bovens, 2005, p. 184; Pollitt, 2003; Roberts & Scapens, 1985, p. 447). The literature defines various forms of accountability. Broadbent and Laughlin (2003, p. 24) distinguish between managerial and political (or public/democratic) forms of accountability. The latter relates to governments and their elected politicians who are accountable to citizens, in other words, the voters in elections.

It seems that under NPM, accountability particularly concentrates on more instrumental aspects, such as the demand for and the provision of information on outputs, efficiency, and effectiveness (Ingram & Schneider, 2006, pp. 169–170). With respect to outputs, NPM implicitly assumes that they are (mostly) standard and measurable (ter Bogt et al., 2015). For that reason, accounting documents and accounting practices, which give deeper insights into financial and other performances, can be important tools to provide the information required for the output accountability and control practices (Hood, 1995, pp. 94, 107; Pollitt & Bouckaert, 2011, pp. 83–85; see also Pratt & Zeckhauser, 1985, pp. 10–11). The annual budget and the annual report/account are examples of accounting documents used in almost all organizations. Furthermore, documents such as interim reports, notes, and performance contracts can also be considered as accounting information.

With respect to accountability and control, formally three “internal” parties and three formal relationships can be distinguished in the outsourcing activities of the Dutch municipalities. The three internal parties in the municipal organization are the Council, the Executive, and the civil servants. The municipal council is the highest level in the municipal hierarchy. The council members are elected (and in general part-time) politicians. The council decides on the budget and the main lines of the municipal policies, and also controls the execution of these policies. The members of the Executive, in other words, the mayor and aldermen, are generally full-time politicians. The Executives are responsible for the political co-ordination activities and the execution of the tasks. In this setting, the civil servants, who in practice control the outsourced tasks on behalf of the Executive, are, generally speaking, the experts responsible for the actual realization of the tasks. They

are also involved in the daily control of the external party (see also ter Bogt & Tillemans, 2016, p. 19). However, the members of the Executive are politically accountable for the execution of the municipal tasks and the municipality's functioning within the lines set by the municipal council.

The first accountability and control relationship to be distinguished is that between the external party and the municipal organization, in other words, the civil servants (and ultimately the Executive). The external party gives account to (and is controlled by) the municipality. This type of accountability is similar to Broadbent and Laughlin's (2003, pp. 24–27) managerial accountability (or internal organizational accountability as defined by Bovens, 2005, p. 191). In the case of outsourcing, the second accountability relationship is that between the Executive (supported by the civil servants) and the municipal council. The municipal council has to function as the interface between the citizens and the municipal organization, in other words, the Executive and its civil servants (Tweede Kamer der Staten-Generaal (Second Chamber of the Parliament), 2001, pp. 23–24). This implies a third accountability relationship, in other words, that between the municipal council, which is accountable to the citizens (who are the voters in elections) and the citizens. Although the Executive is not directly accountable to the electorate, the latter two relationships could be ranked among Broadbent and Laughlin's (2003) political forms of accountability.

In principle, accountability relationships coexist with control relationships in the opposite direction (Bovens, 2005, pp. 192–193; Broadbent & Laughlin, 2003): civil servants (on behalf of the Executive) control the external organization to which tasks are outsourced, while councilors control the municipal organization (the civil servants and the Executive). Furthermore, citizens can to a certain extent control the councilors, for example, by voting for them in elections, or through the activities of pressure groups. The latter type of control and accountability relationship is, however, less direct and distinguishable in the shorter term (Broadbent & Laughlin, 2003, pp. 26–27). Therefore, the focus in this paper is on the first two.

Accountability and control under NPM's principal-agent approach

Under NPM, the accountability information supplied is supposed to provide a basis for control, that is, the principal controls the agent in certain respects and the agent gives account of, for example, the budgetary expenditures and the performance realized. Broadly defined, management control, or just "control," relates to the use of information, instruments, and policies for directing, managing, and coordinating an organization to keep it viable (Otley & Berry, 1980, pp. 231–232). So control entails the planning, monitoring, and controlling of an organization's activities, as well as those of its partners, in such a way that the organization's goals—in the case of outsourcing: the principal's goals—are realized and its continuity is safeguarded (see, for example, Merchant & Otley, 2007, pp. 788–790). However, as indicated by contingency theory, the usable forms of control may depend on an organization's specific situation, for example, the accountability information that can be provided. Several authors have indicated that for public

sector organizations, it is generally relatively difficult to agree on clear goals (Merchant & Otley, 2007, pp. 790, 793; van Helden & Hodges, 2015, p. 8; Öhman, 2015, p. 169). If the goals to be attained with the aid of a policy or certain activities are unclear, it becomes more complicated to measure performance and to execute control. The question then arises: What precisely should be measured and controlled?

The control literature suggests that, aside from the clarity of goals, the extent to which outputs (or outcomes) are measurable could influence the accountability and control relationship between a principal and an agent. Different types of control have been distinguished in the literature, one of which is output or outcome control, as promoted by NPM. Ouchi (1979, pp. 843–845) suggests that output or outcome control (i.e., a type of control based on the measurement of outputs or outcomes) requires the availability of reliable and valid measures to evaluate the outputs or outcomes desired. This view is to some extent supported by Ditillo et al. (2015), who found a relationship between the measurability of output and the execution of output control in Italian municipalities.

The NPM's emphasis on uniform *output*-related accountability and control practices is based on the premise that the activities and work processes in the organization to be controlled are standardized and measurable (ter Bogt et al., 2015). In that case, output controls can become routine controls. A situation with standardized and measurable outputs could therefore be considered as the "ideal" NPM setting, in which accounting information helps in routinely giving account of an organization's output performance. The performance budgets as used by the municipalities on the basis of the central government's budget rules should facilitate these routine output (or outcome) controls accordingly (Ministerie van Binnenlandse Zaken en Koninkrijksrelaties (Ministry of the Interior and Kingdom Relations), 2003; cf. Hofstede, 1981, pp. 196–200).

Authors like Ouchi (1979), Hofstede (1981), and Merchant (1982), however, have argued that choosing the proper type of control actually depends on contingent factors, such as the clarity or ambiguity of the goals, the measurability of the outputs (high or low) and/or the degree of programmability of the tasks. These authors, therefore, point at the relationship between contingent variables and usable forms of control (cf. Otley & Berry, 1980). Particularly in those cases where, for example, outputs or outcomes cannot easily be measured and/or the superior has limited knowledge of the transformation process, it is highly likely, they suggest, that more subjective and implicit elements, such as values, social norms, and trust in the other party, play a role in the control. Pollitt (2003) may argue that this suggestion is not such a remarkable one, but the role of these more informal controls seems to have been largely ignored, both in NPM and in the Dutch municipalities' performance budgets.¹

In fact, the output and outcomes of the public sector are relatively often characterized by a low degree of measurability and task programmability (Budding, 2015, p. 90; Öhman, 2015; cf. Moore, 1995, p. 28). This setting could influence the principal's control activities. For example, the use of seemingly extensive accounting information could be reduced considerably if it does not provide an adequate

picture of the outputs. In such a case, this information could be regarded as not really relevant (ter Bogt & Tillema, 2016). Furthermore, the fact that an agent documents only little information does not have to mean that he/she has something to “hide.” Instead, it may just be a reflection of the difficulty of measuring particular output. This suggests that in many accountability and control relationships in the public sector, in other words, in the case of difficult-to-measure outputs, informal controls and probably also trust have to be considered as significant elements (cf. Pratt & Zeckhauser, 1985, p. 16). Following Tomkins (2001, p. 165), trust could then be defined as “the adoption of a belief by one party in a relationship that the other party will not act against his or her interests, where this belief is held without undue doubt or suspicion,” which also applies if no detailed information about the activities of the other party is available.

The above literature review shows that there are several authors whose ideas regarding accountability and control differ from the views represented in NPM (and in the economic theories underlying NPM). And they are also not in line with the principles of the budget rules for municipalities in the Netherlands. However, as stated above, the “ideals” of NPM and performance budgeting in the Dutch municipalities particularly focus on routine controls based on accounting information about outputs (and, if possible, on outcomes).

The general research question posed for this research is therefore: How do Dutch municipalities hold the external organizations to which tasks are outsourced accountable, and how do they control them? The previous literature review led to the following subquestions:

- How clear are the municipality’s policy goals and how well-defined and output-focused are the performance agreements between the municipality and the external party to which the tasks are outsourced?
- What are the roles of accounting information in the accountability and control relationship between a municipality and an external organization?
- What are the roles of more informal controls and trust in the control relationship between a municipality and an external party?
- What are the roles of councilors and civil servants in the accountability and control relationship between a municipality and an external partner, and are output controls generally applied, as suggested by NPM, or at least in the case of measurable outputs?

Research method

Until now, accountability and control issues in relation to tasks outsourced by Dutch municipalities have not received a great deal of attention in the academic field, and neither have the role of the measurability of the outputs involved and the actual use of information (for studies which are somehow related, see Cäker & Siverbo, 2011; Overman et al., 2015; Ditillo et al., 2015; Ferry, Eckersley, & Zakaria, 2015; Johansson et al., 2016; ter Bogt & Tillema, 2016). Therefore, a

research project was started to find a tentative answer to the research question and the subquestions. This project began in 2014 and continued until mid 2016. Eleven master's students, co-ordinated and supervised by the author of this paper, were involved in the project as research assistants.

The execution of the empirical research and the interviews was led by the exploration of existing literature (Eisenhardt, 1989, p. 536). However, although the literature gave guidance, we wanted to approach our empirical research with an open mind so that we would be able to obtain more in depth insights into the accountability and control process and the role of the available output information in this context. Therefore, it was decided to conduct descriptive and exploratory field research and semi-structured interviews (see also Ahrens, 2004, p. 298). Appendix A gives an overview of the most important themes discussed during the interviews.

The interviewees were the civil servants and their "counterparts" from the external organizations and some councillors. For the 14 municipalities and 25 cases of outsourcing included in this paper, in total 26 civil servants and 27 people employed in the external organizations were interviewed. To obtain a broad impression of the possible impact of factors such as the measurability of outputs on the accountability and control issues, a wide variety of outsourced tasks was included in the research, ranging from garbage collection and the maintenance and management of parks and sports facilities to home care, public libraries, youth care, and welfare activities.

The municipalities included in the research were all located in the northern half of the Netherlands. They were selected on the basis of their size and willingness to participate. The number of inhabitants in the municipalities varied between over 20,000 and over 200,000. By Dutch standards, five of them could be classified as small (less than 35,000 inhabitants), four as medium-sized (between 35,000 and 75,000), and five as large (over 75,000; with four municipalities consisting of well over 100,000 inhabitants). Since one municipality did not want to be mentioned by name, we decided not to provide any names of the municipalities studied.

In each case (i.e., outsourcing relationship), interviews were held with at least one civil servant and one employee from the external party, in other words, the people directly involved in the accountability and control of the outsourced tasks. The interviews generally took about 1 hour, but were in several instances considerably longer. After the interviews, which were recorded, the research assistants wrote extensive interview reports (generally between 8 and 14 pages). These reports formed part of the basis for the empirical findings presented later on. In addition, information was gathered from various documents about the outsourcing relationship (such as municipal policy notes, contract agreements, annual budgets, annual accounts, and interim reports).

Furthermore, to obtain an impression of the accountability and control issues playing a role at the level of the politicians, the author interviewed five councilors from the municipalities that participated in the research project. The interviews

took about one hour or more, and were also recorded and documented in detailed reports (containing 9–12 pages).

The analysis of the information gathered suggests that basically, in all cases, the accountability and control issues related to the different types of outsourced tasks are highly homogeneous. More in particular, despite the differences in the concreteness of the activities and the measurability of the outputs, all cases show a primary role for only the financial information. Consequently, the emphasis in this paper is particularly on the commonalities found in the cases researched with respect to the control of outsourced tasks, and not on the minor differences among them.

To make sure that our interviewees' views as presented in our study could not be linked to specific people, their words were anonymized as much as possible. The people quoted are referred to by a letter or a number. The three groups of interviewees (civil servants, employees of the external organizations and the councilors) are distinguished by a capital, a lowercase and a number, respectively (so, for example, interviewee C is a civil servant, interviewee h an employee of an external organization, and interviewee 2 a councilor).

Empirical findings

Introduction

This section presents the findings with respect to several aspects of the accountability and control relationships between the municipalities and the organizations to which tasks were outsourced. In each subsection, we will first focus on the control as exercised by the civil servants (the specialists who support the members of the Executive, the politicians, and who control the external party on behalf of them). After that, the councilors' opinions about the accountability of the external party and their own role in the control of this element are discussed.

Before the municipality can make any decisions about the outsourcing and control of tasks it first has to determine the policy goals to which the activities should contribute. The following subsection discusses these goals, as well as the related performance agreements with the external party. Next, the accountability information provided about the finances and output of the outsourced tasks is addressed, as well as the municipality's control and the role of trust.

Goals and performance agreements

Goals. The civil servants felt that—in general—the external parties were clearly aware of the municipal policy goals. However, the various policy documents studied also showed that the municipal objectives were often not very detailed and specific. They were presented in quite broad terms, as confirmed by the civil servants, even in the case of relatively concrete tasks and outputs. It can therefore be argued that the rather unclear and/or ambiguous formulations of the municipal goals may have made it easier for the external party to interpret them

and agree with them, and on this basis establish “goal congruence” with the municipality. Many interviewees, both from the municipalities and from the external organizations, emphasized this goal congruence. The absence of any severe gap between the goals of the two parties involved, could perhaps also relate to the fact that, as indicated by several interviewees from both parties, the external organization sometimes “assisted” the municipality in formulating its policy notes and goals (and even made proposals for the contract agreements, including the planned performances). This often happened because of the civil servants’ lack of time or specific knowledge and experience in a particular field, a problem that especially played a role in smaller municipalities with a limited staff.²

In this context, civil servant J, responsible for the municipal garbage collection and waste management policies, remarked that incidentally there may have been discussions with the external party about the goals to be realized by the outsourced tasks, but not very often: “the goals have been articulated, but they are not extensively referred to in the daily work practice. To me the relation [with the external party] is more a form of co-operation ...”. Interviewee p, working for a large multinational corporation, also underlined the shared goals: “You understand each other’s interests because you have co-operated for a long time already. Our interest is particularly the continuity of the relationship ... Meanwhile of course, we also want to work efficiently, so that we can generate some profit.”

So in a general sense, both parties indicated that they broadly shared the goals to which the outsourced tasks should contribute, and regarded them as sufficiently clear. However, in most cases these objectives were not very concrete and tangible. Furthermore, the councilors—with the task to represent the citizens—were mostly dissatisfied with the way in which the goals were formulated. More in particular, all councilors interviewed found that it was almost impossible for them to make any major contributions to the formulation of the policy goals and the agreements about the outsourced tasks.

Councilor 5, for example, argued: “As far as the steering and control of outsourced tasks is concerned, we as the council operate at some distance. [W]e do have a certain role, ... [but] they [i.e., the Executive] and especially the civil servants, are the specialists who work on these topics on a daily basis, which usually means that as a councillor you could never beat them in terms of expertise.” Councilor 4 said that “in practice [it is] actually almost impossible to genuinely steer and control the outsourced activities”.

As indicated before, several policy documents showed that the goals were formulated in broad and general terms. These documents mostly provided general information on what the policy intended to realize. However, the concrete goals that the municipality wanted to attain, what activities should be undertaken and what outputs were required for attaining these objectives, were often much less clear. So no strong link was made between the outputs, if defined, and the goals. This seemed to hinder the accountability as regards the realization of these goals, and complicated an effective control by the civil servants and in particular the council.

Performance agreements. Following the perspectives of NPM and performance budgeting in Dutch municipalities, the policy goals have to be “translated” into more detailed performance plans that focus on outputs (and outcomes, if possible). We found that in a few cases the contracts with the external parties were indeed highly detailed and concrete, also with respect to relevant outputs and their quality. This particularly applied to tangible activities, such as green maintenance and garbage collection. However, as will be discussed later, there seems to be a difference between the output information that is available, and the actual use of it for purposes of giving account and exercising control.

The contents of the performance agreements could generally be regarded as rather incomplete and/or abstract, at least with respect to the outputs and outcomes. In most cases the agreements on outputs were only limited. If performance information was included, the focus was mainly on activities (number of clients served, number of visitors expected, number of activities organized, etc.). However, most contracts were particularly detailed about budgets and/or other financial aspects. Some interviewees indicated that agreements on financial issues were helpful in controlling the external party. However, most of them simultaneously argued that they clearly saw the limitations of the contracts because they hardly included information on relevant output or outcome performance. They pointed to the fact that the shortage of information about what was “produced and realised” and its quality, was often related to the difficulty of defining and measuring the actual performance. All in all, the interviewees indicated that, aside from the finances, the agreements mainly tended to focus on rather irrelevant quantifiable performance details.

Although some interviewees regarded information on customer satisfaction as an acceptable proxy for output and quality, others disagreed with this view. They were of the opinion that most people expressed themselves negatively only in case of very serious problems. Furthermore, there were also other factors that could influence the reliability of this type of output information. For example, in the context of care for the elderly, a low assertiveness of the people surveyed (the care receivers) or reluctance on their part to be negative for fear of possible negative consequences, could severely undermine the value of this information.

Some interviewees indicated that for the tasks in which they were involved, the limited amount of detail in the contracts (regarding outputs) was perhaps also a result of the long time span of the relationships. In these cases the two parties knew each other relatively well, which is why exhaustive detail was not considered necessary. In other cases, limitations on the part of the municipality were mentioned as playing a role, for example, a lack of time or knowledge. As indicated before, interviewees from both parties put forward that because the labor capacity and the specific knowledge available in the municipality were often restricted, the external organization sometimes assisted in drawing up the performance agreement (including the performance plan) or even produced a full proposal for a contract. What the municipality also occasionally did to deal with these problems was hiring a specialized private sector consultant to formulate a contract and/or performance agreement.

With respect to this issue, interviewee F (a civil servant who worked in the field of care and welfare) remarked: “[Y]es, it is a whole jumble of words. If they had any bad intentions, they may have easily gotten away with it. You may well think: this is paper thin in terms of solid agreements. A lot of words, but you cannot measure anything.” Interviewee I, the manager of an external organization that performed relatively concrete tasks, observed: “Quite often we discretely let our municipal partner know: hey, we think that it is better this way. Or you may do this and omit that. ... [W]e are ... a bit more familiar with the processes and working methods than they are.” In this context, civil servant T added: “What is included in the contract is in first instance determined by the [external organisation]. ... For the municipality there is [in fact] hardly a possibility to change the contract.” And about the relationship with another external organization the same interviewee T said: “Trust plays a big role in the way in which the municipality looks at [it].”

All these findings suggest that the clarity of the performance agreements generally mainly related to inputs (finances) and to some extent to activities. This implies that as regards the control of the outsourced tasks, mostly the municipality could not really expect to receive much detailed information on the outputs.

Accountability and control: accounting information and the role of trust

Focus on finances. In the cases researched, the annual planning and control cycle usually started with an agreement between the external party and the municipality about the annual budget. Mostly, this agreement included rather detailed information on the finances available for the external party. As indicated, little information on output or other performances was included, probably because it was difficult to define and measure. When the budget year was over, the external party had to produce an annual report about the outsourced tasks. This report had to at least account for the organization’s financial performance. Commonly, this financial information was audited by an external auditor.

In a few cases, the only documents that the external organization was asked to produce were a budget and an annual account/report. Often, however, more information was required, for example, one or more interim reports during the year, or sometimes even monthly. These reports generally had a strong financial focus (e.g., the amounts spent), but sometimes also dealt to some extent with outputs (e.g., information on the quantity of tons of garbage collected) and activities (e.g., numbers of visitors of the museum, number of books borrowed in the public library, number of inspections held, number of different types of social or youth care cases allotted, etc.).

Although occasionally the municipality studied the interim reports more thoroughly, mostly they were looked at rather superficially. The interviewees explained that if there were no complaints from citizens or other forms of “noise,” they considered the performance as adequate. Furthermore, they added that often they already knew about the information in the reports through their frequent informal contacts with the external party. Generally, the brief inspections of the

reports led to not much more than, if necessary, a short phone call or an informal meeting, during which the progress and/or possible specific developments were discussed.

If the annual account had already been examined by an external auditor (which was generally the case), the municipal inspection was usually not very detailed. The civil servants and/or the financial departments of the municipality typically only checked the main lines of the annual account/reports. The civil servants, nevertheless, did consider a proper account of financial aspects as very important and therefore paid serious attention to them. Aside from the finances, the accounts/reports usually did not receive much more explicit attention. In this context, it did not matter whether the external party was private or public, or more closely related to the municipality or at a distance. Neither did the length of the relationship play a role (however, it should be noted that, although the length of the relationship varied, in almost all cases the outsourcing had existed for at least some years).

With respect to the role of the accounting documents, civil servant A, responsible for tasks in the field of culture, said: "We have agreed on the amount they are going to receive, and on the basis of this budget they have to execute their tasks. ... As long as they do not [require extra money], no extra questions are asked." Then A continued: "[The] accounting documents are not very interesting because they are just a confirmation of what we already know. ... We have contact frequently, the relationship with them is good and we have known each other for several years, so goodwill has been built."

So our findings show that both the reports and the municipality's control were very much focused on finances. Particularly the civil servants clearly indicated that in controlling the external party, financial aspects, in other words, avoiding budget overruns or financial shortfalls, were of primary importance. The information on activities or outputs, if available, generally only received serious attention if other sources had already observed possible problems. Transparency in financial details that could affect the municipality, however, was considered as essential. The interviews made clear that the external organizations were aware of this. In addition, the interviewees indicated that any financial information or unexpected event which could lead to financial consequences, had to be communicated to the civil servants as quickly as possible. This communication could take place via a note or a short report, but rather through informal contacts, for example, a phone call or an email. A reason why a quick delivery of financial information was regarded as important was the focus of the council and the local press on financial issues. Moreover, problems in the sphere of finances could impact the position of the alderman involved. In sum, accountability regarding finances formed a major issue in the control of the outsourced tasks. And informal contacts played an important role here.

In this context, interviewee y, a controller from an external party with output that was difficult to measure, indicated: "If things are difficult to measure, communication is particularly important. ... Of course, you have to formalize certain

things because they need to be on paper. But the relationship you have with one another is actually much more important.”

The previous suggests that, aside from low output measurability, two more or less related reasons for the municipality’s focus on finances were the following: (1) the wish to avoid financial risks and (2) the political sensitivity of financial shortages. Political sensitivity was also one of the reasons why the municipality occasionally wanted information on the activities or outputs. This could be the case, for example, with an activity like youth care or home care for the elderly, where a low performance could be regarded as very “sensitive.” However, mostly the civil servants—as they explained—only paid attention to the activities or outputs as described in the reports if citizens had expressed complaints, if media attention had been attracted, or if the external party had informed them of issues that deserved attention. In this respect, again, there seemed to be no real difference between the more concrete and the less tangible tasks or the length of the relationship. So all in all, the findings indicate that, even when information on activities or outputs was available, the civil servants’ focus on non-financial accountability information was limited. Furthermore, their control of the external party’s (activities and) outputs, seemed to be rather loose.

The councilors interviewed indicated that also the council mainly paid attention to the financial aspects of the outsourced tasks. Financial transparency and account giving were of primary importance for them. However, all interviewees made clear that neither they themselves nor the council as a whole generally had much interest in the accounting documents or other reports received from the external organizations. For example, including an external organization’s annual report as an item on the council’s agenda was generally merely done for the sake of good order or as a “matter of politeness.” Action would only be undertaken if a problem with the external organization’s service provision or performance had drawn the attention from, for example, the local media, or if citizens had contacted the councilors. In that case, discussing the outsourced task openly could serve as an opportunity to obtain political gain. Furthermore, although councilors occasionally had contacts with citizens about a specific element of an outsourced task, they indicated that they never gave citizens a systematic account of the outsourced tasks’ performance.

Councilor 2 remarked: “Insofar as the council takes an interest in the outsourced tasks, it is mainly about whether the external organisation succeeds in working within the financial budget granted. . . . As a councillor you have only limited knowledge of the various policy fields and not much time . . . A few routine questions, that’s all.” In a similar vein, councilor 5 said: “If there is any attention for the outsourced tasks at all you see that the council’s focus is mainly on the financial side of the story.”

Trust. As mentioned by many interviewees, the often limited knowledge of the civil servants about the contents of the external party’s work made it difficult for them to properly control aspects other than the finances and performance aspects such as number of visitors, number of clients, or the frequency of a certain

activity. However, with only a very few exceptions, this was hardly considered as a problem since the civil servants generally highly trusted the external partners and their performance, as stated by almost all the municipal interviewees. To them the external party was a partner with whom they co-operated well in effectively realizing the goals via the tasks performed. The type of activities involved, in other words, their concreteness and measurability, or the length of the relationship, did not seem to play a significant role here. The interviewees clearly did not see the external party as an "agent," whose activities and outputs had to be strictly controlled. A number of times, interviewees from the external parties also explicitly referred to a trust relationship with the municipality.

In most of the cases researched, therefore, both parties seemed to have the impression that their relationship was fairly smooth. If any problems did occur, it was easy to contact one another informally. Of course, the civil servants' occasional lack of knowledge or time, which limited their capability to fully control the outputs, may have made it almost inevitable for them to simply have trust in the external partner. However, the findings did not indicate that this circumstance had a major influence on the role and the building of trust between the municipality and the external partner.

With the exception of some of the outsourced tasks resulting from tendering procedures, the partners had generally known one another for a (very) long period of time. This meant, as the interviewees explained, that they knew each other quite well, which may have contributed to the looseness of the accountability relationship in practice, particularly with respect to activities and outputs. In fact, this looseness already seemed to develop after a rather short period of time (during which the persons involved from both parties had to get to know each other). Multiple civil servants and external employees indicated that they contacted each other frequently, sometimes several times a week and often in informal settings. During these meetings updates were exchanged and current business events as well as longer term plans or interesting new developments discussed in an informal setting.

Occasionally, more formal meetings between the two parties were organized. These generally took place only a few times a year between, for example, one or more members of the Executive and the director or other higher ranked managers from the external party. In addition to the formal approval of the budget/performance agreement or the annual report prepared by the civil servants and employees of the external party, often merely more general developments and future prospects were discussed in these meetings.

So, several civil servants explicitly expressed that their co-operation with the external organization was good and that they had trust in it. As reported above, some of them indicated that they did not pay much attention to the external party's accounting reports (and the possible activity and output information included in them). Aside from trust as such, also the informal contacts played a role here, via which the civil servants were often informed in advance on relevant issues (and which also seemed to contribute to building trust). Furthermore, there was the perceived limited value of the performance information.

Most of the interviewed civil servants were aware of the problems with the measurability of performance in their field, and the limitations of the output and other performance information delivered to them. However, as indicated above, even in cases where the output and performance seemed to be reasonably measurable, the civil servants generally did not pay a great deal of attention to this information.

Interviewee X, for example, responsible for a set of concrete outsourced tasks, said: "We randomly check, so to speak. ... [C]ontrol is also a matter of trusting one another. ... We do not specifically look at documents or processes ... No, it comes down to the relationship. ... The informal contacts have a positive effect on our relationship." And director v of an external organization added: "Our activities are measurable, our output and its quality are much less so. ... However, if we feel that there is a substantial divergence from what we agreed upon ... we will communicate the issue ... Being open and transparent, showing your face at all kinds of occasions, all of these things yield trust and make them give you more freedom." The director also observed: "I get the impression that they hardly check our annual account."

To conclude, the civil servants interviewed generally considered the relationship with the external organization as a kind of partnership in which both parties co-operated well and in which trust was important. Aside from finance data, the accountability information provided by the external party was used only limitedly. In addition to the civil servants, also several interviewees of the external parties pointed at the major role of trust in the relationship with the municipality.

Not only the councilors but also some of the other interviewees, explained that if the outsourced tasks received any real attention in the council, the discussions usually mainly focused on "incidents," in other words, specific financial and performance details which had drawn the attention. However, the councilors complained that mostly they received very little information on the specific tasks and performance, which fairly limited their possibility to exert control. They were nevertheless also open enough to indicate that they were often not very motivated to pay much (structural) attention to the outsourced tasks or to ask for more information. Understanding the more detailed accountability information and controlling the external parties more strictly was simply too complicated and time-consuming. In this context, it should be noted that the function of councilor is mostly a part-time activity, which meant that the councilors had to be selective in deciding on which topics to spend their time. For example, councilor 3 said: "For me, it is the Executive who is responsible for the outputs and their quality. And although the council is the highest hierarchical level in the municipality, it is for us not feasible to be involved in such detail in these ... issues."

So, all in all, the conclusion seems to be that neither the civil servants nor the councilors paid very detailed attention to the contents of the accounting documents available to them. Furthermore, trust played an important role in the accountability and control relationship between the civil servants and the external party. In general the external party was considered as a partner, not as an agent.

Discussion

Our empirical research, involving both different types of “products” produced (e.g., from easily measurable to very difficult to measure) and different types of organizations (e.g., profit versus public or not-for-profit), indicated that there were hardly any significant variances in the accountability and control relationships between the municipalities and the external parties studied (cf. Van Slyke, 2007). Generally, the policy goals related to the outsourced tasks were defined in broad terms and the outputs (and even more so the outcomes) were difficult to measure, while the available output information was not much used. It seems that in all the cases researched, in particular informal contacts and trust played an important role in the relationship between the external party and the municipality. Financial information was also considered important, but outputs were only controlled to a limited extent (and mostly only in case of complaints from citizens or “noise” in the press). The relationships in our study, therefore, differed considerably from what is assumed by NPM and its underlying economic theories, like principal-agent theory and public choice theory. NPM’s emphasis is on monitoring and strict control, following from a low trust in agents and their behavior, since agents are merely motivated by opportunism and self-interest. In this context, there is a prominent role for accounting information and accounting documents (Hood, 1995, p. 94; cf. Hopwood, 1988; Kondo, 2002; Marvel & Marvel, 2007, pp. 521–524).

However, our findings show that both the civil servants (on behalf of the Executive) and the councilors only made limited use of the accounting information to control the outputs, even when they were measurable (cf. Ditillo et al., 2015; ter Bogt, 2001, p. 39). Furthermore, in particular, the councilors had a very limited role in the control process of the outsourced activities. According to the interviewees, the councilors simply did not have the time or knowledge to fully control the tasks, which might be the reason why they had to fall back on “attention by exception.” Only in the case of political conflicts and “incidents” that drew attention (Burchell, Clubb, Hopwood, & Nahapiet, 1980; Giacomini, Sicilia, & Steccolini, 2016, p. 488; Moynihan, 2016, p. 480) did they show a more urgent interest in financial and sometimes also in other accounting information. The findings additionally indicate that the councilors had contacts with citizens, in other words their voters, but that they did not give them specific accounts of how they controlled the outsourced tasks (cf. Willems & Van Dooren, 2012, p. 1027).

So our field research shows that the NPM “ideal” does not always exist in reality. The civil servants were much less focused on monitoring and control via accounting numbers and outputs than the NPM ideals prescribe (see also Johnston & Romzek, 1999; Marvel & Marvel, 2007, p. 528; Van Slyke, 2007, p. 178;). Furthermore, interviewees from both the external organizations and the municipalities particularly underlined the role of frequent (informal) contacts and trust (cf. Schillemans, 2013, p. 555).

Of course, also the management literature indicates that the conditions for output control are not always met and that in some instances a control focus on

actions or inputs may indeed be desirable (see, for example, Hofstede, 1981; Ouchi, 1979). Furthermore, it stipulates that direct and verbal face-to-face information is often preferred to written accounting information (see, for example, Daft & Lengel, 1990, pp. 248–50; ter Bogt, 2004; Hall, 2010, pp. 304–308). In addition, research has recognized that in a political context (like in the private sector) the information in accounting documents is often more intensively used in “exceptional” situations than in regular circumstances (Demaj & Summermatter, 2012; Pollitt, 2006). However, it seems that neither NPM nor its underlying theories propose forms of input control, “control by exception” (cf. Simon, 1964, pp. 2–3), or control based on verbal information and frequent informal contacts.

Our findings also did not support the view advocated in contingency theory that a high measurability of outputs is linked to an active output control (Merchant, 1982; Ouchi, 1979). This notion was to some extent supported by, for example, survey research in Italian municipalities by Ditillo et al. (2015, pp. 219–223). Of course, some of our cases did show instances of more detailed agreements on activities and outputs which were documented “on paper.” However, the more in-depth picture obtained from our interviews shows that the accounting information on outputs often played only a symbolic role. In the actual process of account giving and control it was not frequently used.

However, despite the limitations mentioned, it seems too early to conclude that the accounting information reported in our cases did not have any useful function at all. In fact, it could probably support municipal control more indirectly. That is, even if the principal hardly makes use of the accounting documents, the regular documentation of information about daily affairs and specific developments can make particular issues “visible” and function as a reminder to the external party that they are politically sensitive and that it is necessary to give account of them (Hopwood, 1988, pp. 262–5). Furthermore, accounting documentation can have a (self-) disciplining effect on the external organization (Foucault, 1995, pp. 172–3, 206–8; Hoskin & Macve, 1986, pp. 106, 132–3; Miller & O’Leary, 1987). The external party and its employees know that—if necessary—performance information can be retrieved, which in turn can stimulate “proper” behavior.

Nevertheless, our field research has clearly shown a gap between the NPM ideals and actual practice. Perhaps it is therefore not surprising that already since NPM’s introduction, its views on output control, accounting information and the role of agents and contracting have for various reasons been criticized (see, for example, Johnston & Romzek, 1999; Lapsley, 2009; Pollitt, 2003; Pollitt & Bouckaert, 2011; ter Bogt et al., 2015). This critique relates to, for example, problems in the sphere of contracting because there is no real market (e.g., because of the high specificity of the output or the investments to be made). Furthermore, also the problems related to the measurement of outputs and outcomes as discussed above can make accountability and control problematic (see, for example, Dyer & Singh, 1998, pp. 661–2; Bertelli & Smith, 2010; Jackson, 2011). Future research may, therefore, be suggested to focus on investigating alternative types of control in various outsourcing scenarios. For example, rather than the uniform-output-oriented type of accountability and control as proposed by NPM, more differentiated forms of control could be

developed, based on aspects such as the level of routine of the tasks involved, the measurability of the outputs, or the length of the relationship (and thus the experiences with the external partner). In addition, the issues of trust and the actual use of information available for control purposes (and, for example, to give account to citizens) could be further dealt with in future research.

To continue along these lines, because the prerequisites for NPM (i.e., the conditions for using market contracts and routine output control) are not always met in practice, accountability can be problematic and a more permanent and active involvement of the civil servants (on behalf of the Executives) in the control of the outsourced task may be required. And also the way in which the councilors are involved may need reconsideration. This could mean that other types of control are needed, as well as other, perhaps qualitative types of reporting and information provision. Such issues may need attention, because it seems debatable whether, for example, a “partnership” relation between the external party and the municipality should imply that in fact accountability and control receive little attention, as sometimes seems to be the case now. However, accomplishing these kinds of adaptations may also necessitate initiatives in the field of human resources management. After all, our study has provided several instances where the administrative capacity—more specifically the available labor capacity and the level of specific knowledge and experience in the municipal organizations—seemed to be restricted (cf. Eerste Kamer der Staten Generaal, 2012, p. 56; Van Slyke, 2007, p. 160).

Our research did not extensively address these issues. Future research, however, could focus on the question what alternative forms of control could be desirable in different situations and whether they could be developed, for example, on the basis of the principle that the “agent” is a partner with whom the municipality cooperates. After all, the perception of the external party as a partner was expressed quite frequently by the interviewees. And these views clearly seem to be linked to concepts like trust, relational contracting and network management, as put forward by stewardship and relational contracting theory (see, for example, Bertelli & Smith, 2010; Davis, Schoorman, & Donaldson, 1997; Dyer & Singh, 1998).

However, in such a context, accounting information can certainly also play a role. It can contribute to building trust between partners in networks and partnerships (Dekker, 2016; Langfield-Smith & Smith, 2003; Mouritsen & Thrane, 2006; Tomkins, 2001; Vosselman & van der Meer-Kooistra, 2009) because it mutually reassures the parties involved that none of them have anything to “hide.” Tomkins (2001) has argued that trust and the provision of information are clearly linked. Vosselman and van der Meer-Kooistra (2009, pp. 278–9) suggest that in an outsourcing setting a balanced combination of trust and accounting information is a proper basis for effective accountability and control. They also propose that if goals are ambiguous or outputs cannot easily be measured, it is wise or even “inevitable” to make use of informal controls focused on “soft” issues, such as values and social norms and, more generally, trust (if only to reduce “transaction costs”; Van Slyke, 2007, p. 165).

Dyer and Singh (1998, p. 670) indicate that trust can help in developing long-term arrangements between partners. In a local government outsourcing setting, a

lasting relationship can increase the external party's willingness to make investments, which in turn will reduce costs for the municipality. McBeath, Carnochan, Stuart, and Austin (2017, pp. 70–71) suggest that the incomplete agreements on outputs and other performance aspects as we found in our cases, are not necessarily a problem in the sense that they complicate control. This situation can, for example, also provide the flexibility to further negotiate and develop the objectives of a complex programme or policy initiative, as well as the external party's performance, once some experience has been gained in the task. Authors also claim, however, that relational contracting and a more informal approach to accountability require a more direct involvement of the principal in the outsourced task and more frequent interactions and communication between the partners (see, for example, Bertelli & Smith, 2010, pp. i26, i29; McBeath et al., 2017, p. 55).

These ideas, as well as the views represented in stewardship theory, could be of help in better understanding the type of accountability and control relationships found in our research (Marvel & Marvel, 2008; Schillemans, 2013; Van Slyke, 2007). Stewardship theory argues that employees are trustworthy stewards who are intrinsically motivated to act in the interest of the principals, who consider the organization as their own and who are eager to serve the collective and its goals (Davis et al., 1997). A stewardship approach implies that the control of outsourced tasks could be relatively loose and informal. The focus is then on fostering collaboration and on empowering and facilitating the external party to serve the municipality's goals in an optimum manner. In this setting, the goals of the municipality and those of the external party may then even be regarded as "common" (Davis et al., 1997, pp. 33–34; Hernandez, 2012, p. 172).

In sum, in both the literature and in practice there are clear indications that elements such as flexibility, social values and norms as well as open relations, informal contacts and trust, can play an important role in the concept of control (cf. Schillemans, 2013, p. 555). Although our study has not investigated the possible contribution of the relational contracting and stewardship perspectives in detail, it is obvious that they propose a view on control and human behavior that differs considerably from that advocated in NPM. In this context, our empirical findings may suggest that rather than following NPM's notion of "making the behaviour of civil servants and politicians fit the system," accountability and control forms could be introduced that better "suit" the situation in practice. Related to this, the formal role of accounting documents, their contents, and their level of detail in different situations could also be reconsidered.

Conclusion

Our empirical research has shown that the contract agreements and accounting reports on the outsourced tasks generally primarily focused on finances and only to a limited extent on activities, outputs or outcomes. However, the interviewees also indicated that even if more extensive information on activities or outputs was provided via regular accounting documents during the year, such information hardly played a role in a systematic municipal control of the

outsourced tasks. So, with respect to the research question and subquestions, the conclusion is that even if output-oriented accountability information was available, the civil servants' use of it (on behalf of the Executive) seemed to be very limited. Frequent informal contacts and trust played an important role in the control relationship. Furthermore, the councilors, who operated more at a distance from the daily management, paid even less attention to the actual control of the outsourced tasks, and neither did they use the available information to give account to citizens.

These findings suggest that in the "typical" control relationship between a municipality and an external party, there is no close monitoring of activities, outputs or outcomes, whilst output-focused accountability information only plays a minor role. To a certain extent, this could be a consequence of the often unclear policy goals and of outputs which are difficult to measure (cf. ter Bogt et al., 2015). However, even if information on activities and outputs was available, it was consulted only very limitedly by the civil servants. These results indicate that the relationships between Dutch municipalities and external parties cannot so much be characterized as a principal-agent affiliation, as promoted by NPM, but more like a relational contracting and stewardship connection. Whether or not this stewardship-like relationship developed over time (Van Slyke, 2007, p. 165) could not be determined, since no cases were included in the research where the outsourcing relationship had started only recently.

Given the sometimes elaborate content of the documents, initially the municipalities probably aimed for a considerable degree of (output) accountability and control. However, in practice the municipalities' control over the execution of the policies and the outputs realized was rather limited. So outsourcing may have increased the municipal organizations' flexibility, but it seems that it also weakened the municipalities' direct role in society.

A more general conclusion that can be drawn from our cases is that low trust between principal and agent, which calls for a strict monitoring and control on the basis of accounting information, was not an issue. On the contrary, the interviewees were generally positive about the relationship, claiming that the level of trust was high. Furthermore, as indicated above, neither the degree of measurability of the output, nor the type of external organization (private, public, or not-for-profit) seemed to play any significant role in the control relationship and the use of accounting information. This result differs from claims made by contingency theory and authors such as Ouchi (1979), Merchant (1982) and, more recently, Ditillo et al. (2015). In addition, although financial information did play a certain role, in general the accounting documents mainly had the purpose of confirming the information that had already been exchanged during the informal contacts between the civil servants and the external party. Furthermore, whenever councilors made use of the accounting documents, they also specifically concentrated on the financial information. All in all, trust (and perhaps sometimes almost "unconditional" trust) seemed to play a very important role in the accountability and control process.

The use of interviews as a primary source of gathering knowledge made it possible to obtain a closer picture of not only the availability of specific forms of accounting information but also of the actual use made of this information during the process of account giving, monitoring and control. However, in our study the number of interviews and the additional information included about the organizations was relatively limited, which means that no real in-depth insights into the individual cases studied were obtained. Furthermore, the findings presented in this paper cannot be generalized to the whole field. Nevertheless, the research may offer relevant insights that can serve as a basis for more in-depth or larger scale studies in the future (Berry & Otley, 2004).

As suggested above, future research may also further explore the role of the frequent contacts, good relations, and trust in the outsourcing relationship. And in a similar vein, it could pay attention to the question whether the large role in several cases given to the external party (and/or a consultant) in drawing up the contract, was an expression of relational contracting or the advocacy toward stewardship views on the part of the municipality. Or was this large role not really substantiated but “just” a reflection of the lack of an alternative?

All in all, our research results suggest a view on human behavior, accountability, and control that differs considerably from the idea of a need for uniform types of control including close monitoring and low trust, which is prominent in NPM and, for example, principal-agent theory. To put it more normatively, the experiences collected in this study may suggest that rather than following NPM's notion of “making the behaviour of civil servants and politicians fit the system,” more control forms could be propagated that better suit the situation in practice. In this respect, a more differentiated and pragmatic approach is probably to be preferred to an emphasis on what could essentially be an utopian ideal which merely leads to the creation of a “world on paper” with too often only little value for practice. Referring to the words of Otley and Berry (1980, p. 234), although expressed in a somewhat different context, it seems time to “match accounting information and control procedures to the type of organizations in which they operate.”

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Notes

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1. This situation may be explained by the theories that underpin NPM, like public choice theory, principal-agent theory and transaction cost theory. All these theories put a strong emphasis on market

transactions with standard products that can be sold at a price per unit, in other words, a measurable output. Furthermore, they focus on concepts such as economic rationality and the opportunistic and shirking behaviour of agents, in other words, the idea that agents cannot really be trusted because they are inclined toward self-interested conduct.

2. On average, municipalities in the Netherlands with about 25,000 inhabitants employed about 160 civil servants (measured in fte—full-time equivalents) in 2014; for municipalities with 15,000 inhabitants this was about 115 fte (A+O fonds Gemeenten, 2016, p. 17).

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Appendix A: Overview of themes discussed during interviews

Below an overview is given of the most important themes that were discussed during the interviews with the civil servants, the employees of the external party and the councilors.

- The reasons for outsourcing and the criteria used by the municipality (the principal) in selecting an external party (the agent).
- The clarity of the municipal policy goals with respect to the outsourced tasks.
- The extent to which contract agreements were made between the principal and the agent (i.e., municipality and external party), the type of these contract agreements, and the performances agreed upon.
- The way in which the external party was transparent and made itself accountable.
- The way in which the external party reported on financial and other performance matters and the reporting frequency.
- The availability and role of output and other accounting information.
- The knowledge within the municipal organization of the outsourced tasks.
- The role of formal (accounting) documents and formal meetings in the control of the external party.
- The role of more informal meetings and contacts in the relationship between the two parties and in the control as exercised by the municipality.
- The importance of financial information and documents as well as that of other performance information in the relationship between the two parties.
- The issues discussed during the formal and more informal contacts between the two parties and among the persons involved.
- The frequency of formal and informal meetings and contacts.
- The extent to which the external party could and did autonomously take initiatives related to the tasks that it performed for the municipality.
- Changes in the relationship between the two parties over time.