NPM's utopic ideas on the accountability and control of outsourced activities

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1.   Introduction

Following the ideas about efficiency, managerialism, decentralisation and privatisation as proposed by New Public Management (Hood, 1995), many government organisations have over the past three decades outsourced or privatised parts of their tasks. Although often severely criticised, New Public Management (NPM) and several of its elements 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 and Hood, 2012). In the Netherlands, one of NPM's more prominent 'innovations' has in recent years been the outsourcing of government tasks.

In the context of NPM, there has also been a prominent desire to increase the transparency and accountability of the public sector. This increased focus on transparency and accountability can also be considered as an NPM 'innovation' (Power, 1999). This paper deals with a number of transparency, accountability and control issues encountered by municipalities in the Netherlands in their outsourcing of activities to external organisations and networks.

Although the definitions of transparency and accountability vary, they can be regarded as important elements in the public sectors of democratic societies. They are elements that attach value to fairness and equitability, promoting the availability of information as well as accountability to citizens and other stakeholders (OECD, 2002; Van de Walle et al., 2004, p. 299; Bovens, 2005; Dahler-Larsen, 2012; Heald, 2012). What makes outsourcing in the public sector different from that in the private sector, is that it requires transparency and accountability to society 'as a whole'. In the private sector, however, these concepts mainly relate to the partners directly involved in the outsourcing relationship or network (see, e.g., Tomkins, 2001; Vosselman and Van der Meer-Kooistra, 2009; Kajüter and Kulmala, 2010; Dekker, 2016).

Transparency and accountability have also become prominent themes in the discussions about NPM and other similar 'reforms', certainly in the context of external agencies and other outsourced activities (see, e.g., Pollitt and Bouckaert, 2011, pp. 7-11; Newberry, 2015). In the Netherlands, for example, it was pointed out that members of the municipal councils generally have very little insight into the performance of the organisations to which they have outsourced tasks (Vriesema, 2015). In a municipal context, information on budgets, processes or performance can serve as an instrument for giving account of the outsourced tasks and for maintaining the citizens' confidence in government and its legitimacy (Bovens, 2005, pp. 192-193; Fox, 2007, pp. 664-665).

To explore some of the issues of outsourcing, accountability and control in the context of municipalities in the Netherlands, the emphasis in this study has been twofold: 1) on the way in which the external organisation gives account to the municipality and 2) on the municipality's

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control of the outsourced tasks. The information as supplied by the external party can contribute to its transparency as regards issues such as costs, output and/or processes. This transparency provides a basis for the municipality's control of the outsourced activities, i.e. the control by the municipal civil servants. The paper also touches upon the municipal council's control (i.e. that of the elected politicians) in relation to their accountability to the electors, an issue also involving political transparency (Broadbent and Laughlin, 2003, pp. 24-26). In researching these issues, transparency and accountability are considered in a rather narrow, 'instrumental' manner, namely as instruments to help the civil servants and politicians control the outsourced activities efficiently and effectively. So how do accountability (and, the related transparency) and the control of outsourced activities take shape, on what kind of information is control based and to what extent does it particularly relate to outputs (and perhaps even outcomes), as suggested by NPM and promoted in the output- and outcome-based performance budgets used by Dutch municipalities?

NPM's focus is especially on transparency and accountability in terms of outputs (and outcomes) and their control. This emphasis also forms the basis for the performance budgets of the Dutch municipalities, which would suggest that their control of outsourced tasks is output (and outcome)-oriented. However, previous research has indicated that output control, and even more so outcome control, can be problematic in this context (see, for example, Ouchi, 1979; Hofstede, 1981; ter Bogt et al., 2015; ter Bogt and Tillema, 2016). The field research presented below indicates that municipalities strictly control the finances made available to the external party, whilst they also pay some attention to the external party's activities. However, it appears that the municipal control of outputs is much more informal, with a considerable role for aspects such as trust, shared values, autonomy and collaboration. It seems that even in those cases were 'proper' output information was available, it was hardly used to control the external party. This means that the principle-agent, market type of control as suggested by NPM, based on routinely produced outputs and the assumption of opportunistic behaviour by the agent, which seems to imply a mechanistic control, was hardly observed. So, rather than a tighter control, which would be in line with NPM, the trust and informal control relationships found suggest a type of control more in line with, for example, organic control or ideas like those in stewardship theory (Burns and Stalker, 1994, pp. 119-125; Davis et al., 1997; see also Van der Meer-Kooistra and Vosselman, 2000; Tomkins, 2001). Further, the findings show little support for the contingency theory idea that a higher measurability of outputs implies output control (Ouchi, 1979; Merchant, 1982).

It seems that currently there is only a limited amount of empirical research which deals more in-depth with the accountability and control of outsourced tasks in the specific context of the public sector and local government (see for some examples Cäker and Siverbo, 2011; Johansson and Siverbo, 2011; Overman et al., 2015; Johansson et al., 2016; ter Bogt and Tillema, 2016; cf. Pollitt and Bouckaert, p. 210). Moreover, in this research the political level in local government hardly receives any attention. Nevertheless, outsourcing is a very important phenomenon. The limited information available does tell us that in 2016, the 390 Dutch municipalities' expenditures on tasks outsourced amounted to around 35-40% or more of their annual budgets (see also Pommer et al., 2012, pp. 197-201).

This paper is based on field research of Dutch municipalities conducted in the period 2014-2016. The paper is structured as follows. The following section presents literature in the field of transparency, accountability and control, and briefly introduces NPM and the agency theory. It also provides the sub-research questions. Next, the methodology and field research are dealt with. After that, the paper presents an overview of the empirical findings. The paper concludes with a discussion and conclusions section.

2. Control and accountability of outsourced tasks: literature review

2.1 Outsourcing, accountability and control

Outsourcing in the public sector can be defined as a broad concept. It can include, for example, relatively simple forms of contracting out specific activities to an external organisation. However, it can also entail the autonomisation of government tasks and the development of partnerships and networks, or other forms of co-operation between a municipality and external organisations. These organisations can be public, third or private sector businesses, while outsourcing can also lead to agencies and other types of 'hybrid' organisations (see, e.g., Jones, 1999; Kraus and Lindholm, 2010). Forms of contracting out and co-operation between the government and external organisations have in most countries always existed. But apart from possible ideological reasons ('reducing the size of government'), the outsourcing of activities seems to be in the case of NPM also a quest for 'innovation'. This approach is explicitly based on the ambition to place certain tasks outside the 'core' government sector to create so-called 'market incentives' and increase the efficiency (cf. Talbot, 2016). NPM suggests that in the control of these outsourced tasks, governments have to focus on output (rather than on input and activities/processes, as has been traditionally the case), just as they should do when monitoring their internally executed tasks. Under NPM, important tools to provide the information required for this form of output control are accounting documents and accounting practices (Hood, 1995, pp. 94, 107).

In democratic societies, transparency and accountability are important in the public sectors, since the politicians in these settings are required to be able to explain and justify their conduct (Kondo, 2002, pp. 7-10; OECD, 2002; Bovens, 2007, pp. 449-450, 453-455; Posner, 2011, p. xii; see also Ezzamel et al., 2008). Other issues in this context which have become central in many countries include the audit and evaluation of public and external organisations' functioning and performance in the execution of the outsourced tasks and activities (Power, 1999; Pollitt, 2006; Dahler-Larsen, 2012, 2015). This implies that municipalities that outsource tasks may find it necessary to control these activities because they feel – or are held – accountable for them.

To this end, outsourced tasks have to be made transparent, i.e. performance and other accounting information about them has to be available. A considerable part of this information has to be provided by the organisation to which the tasks have been outsourced (the external party). Therefore, this external party has to give account of its activities and performance, so that the municipality (civil servants and politicians) gains an insight into the way in which its funding is spent, and whether the activities and performance are in line with the agreements (Laughlin, 1990; Willmott, 1996, pp. 29-30; Merchant and Otley, 2007, p. 792). NPM's rationale (or ideology) is that accounting information helps in realising transparency, thereby enabling political or democratic accountability as well as control over the outsourced tasks (Hood, 1995; cf. Ezzamel et al., 2008, p. 5).

Meijer (2013, p. 430) defines transparency as "the availability of information about an actor that allows other actors to monitor the workings or performance of the first actor" (cf. Stirton and Lodge, 2001, pp. 475-476). Following the basic ideas underlying agency theory, which can be regarded as one of the theoretical foundations of NPM, more transparency improves the accountability of an 'agent' to his/her 'principal' (Holmström, 1979, pp. 86-89; cf. Prat, 2006). However, although the concepts of transparency and accountability may be closely related, they are not identical. In short, with respect to accountability the hierarchical element in the relationship plays a more explicit role. Accountability could be defined as a relationship in which reasons for conduct are given and demanded, and in which sanctioning can play a part. This means that

an actor feels an obligation to provide the information that explains and justifies his/her conduct to a significant other actor (a 'principal'), while the latter, who requires this information, has some 'sanctioning' power (Roberts and Scapens, 1985, p. 447; Stirton and Lodge, 2001, p. 475; Bovens, 2005, p. 184).

The definitions of the terms transparency and accountability differ. Heald (2012, p. 31) indicates that the predominant aim of transparency can vary from reducing corruption to increasing efficiency, effectiveness and legitimacy. This variation also applies to the term accountability. It means, for example, that apart from having to justify its output or results, the external party can also be held accountable for its decisions regarding issues such as the adoption of certain processes or other matters (see, e.g., Stirton and Lodge, 2001, pp. 475-476; Fox, 2007, pp. 664-666; Ferry et al., 2015, pp. 349-352). Furthermore, accountability can range from notions of responsiveness to the public to "vague images of good governance" (Bovens, 2007, p. 449). However, it seems that under NPM the terms transparency and accountability concentrate in particular on more instrumental aspects, such as information on outputs, efficiency and effectiveness (Ingram and Schneider, 2006, pp. 169-170; Christensen, 2006, p. 449). Probably inspired by NPM ideas, an organisation like the OECD (which was also a propagator of NPM), expressed for example, that it is "keenly interested in the relationship between good governance and better economic and social outcomes. Transparency, a key element of good governance, includes ensuring openness about policy intentions, formulation and implementation. A … budget is the single most important policy document of governments …. . Therefore, transparency in the budget process is of paramount importance" (Kondo, 2002, p. 9).

Pollitt observes that the various definitions of accountability are generally all based on "a central notion, the idea that accountability is a relationship in which one party, the *accountor*, recognises an *obligation to explain and justify their conduct* to the other, the *accountee"* (Pollitt, 2003, p. 89; italics in original), i.e. those parts of conduct which are relevant in a specific context. In the literature, various forms of accountability are defined. Whereas Smyth (2007, p. 33) warns for making an overly sharp division, 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, i.e. the voters in elections.

The extent to which an external party has to give account can vary, depending on, among other elements, the kind of task outsourced, the extent to which the municipality is still (held) responsible for the outsourced task, the external party's legal position and the extent to which the external party is financially dependent on (and can be controlled by) the municipality. For example, is the external organisation a small public sector agency that used to be a government department, a third sector welfare foundation working in two neighbouring municipalities, or a large multinational waste management company? This distinction also influences the nature of the transparency (more horizontal between 'equal' partners, or mainly vertical between a principle and an agent) and the accountability and control relationships between the external party and the municipality (Bovens, 2005, pp. 196-198; Heald, 2006a, pp. 27-29, 2012, p. 33).

With respect to accountability and control, three 'internal' parties and three formal relationships can in principle be distinguished in the case of the outsourcing of activities by Dutch municipalities. The three internal parties to be distinguished in the municipal organisation are the council, the Executive and the civil servants. The municipal council is the highest level in the municipal hierarchy. The council members are the elected politicians. Voters can elect the council each four years. The council decides on the budget and the main lines of the municipal policies, and controls the execution of these policies via the annual report, including the tasks outsourced. In general, being a member of the council is a part-time activity. The members of the

Executive are generally full-time politicians. The Executive consists of the mayor, who is appointed by the Crown, and the aldermen, who are elected by the members of the municipal council (who can also force them to resign). The Executives are responsible for political co-ordination and decision-making and the execution of tasks. The civil servants are generally speaking the experts, responsible for the actual realisation of the various tasks. They are also involved in the daily control of the external party (see also ter Bogt and Tillema, 2016, p. 19). The members of the Executive operate at some distance from the operational management and control. However, they are accountable for the execution of the municipal tasks and the municipality's functioning within the lines set by the municipal council.

With respect to the accountability and control relationships, we can first distinguish the external party, which gives account to the municipal organisation, i.e., the civil servants (and ultimately the Executive). The precise form of this accountability relationship can vary. However, this type of accountability has strong similarities with the internal organisational accountability (Bovens, 2005, p. 191) or the managerial accountability as sketched by Broadbent and Laughlin (2003, pp. 24-27).

In the case of outsourcing, the second accountability relationship to be distinguished 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 organisation, i.e. the Executive and its civil servants (Tweede Kamer der Staten Generaal/Dutch Second Chamber, 2001, pp. 23-24). This implies a third accountability relationship, i.e. 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 accountability relationships could be ranked among Broadbent and Laughlin's political or public forms of accountability (Broadbent and Laughlin, 2003, pp. 24-27).

In principle, accountability relationships coexist with control relationships in the opposite direction (Broadbent and Laughlin, 2003; Bovens, 2005, pp. 192-193; Anthony et al., 2014, pp. 333-334): civil servants (and the Executive) control the external organisation to which tasks are outsourced, whilst councillors control the municipal organisation (civil servants and Executive). Furthermore, citizens can to a certain extent control the councillors, 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 and Laughlin, 2003, pp. 26-27). Therefore, the focus in this paper is on the first two.

2.2   Accountability and control: NPM's principal-agent approach

As discussed before, accountability has many facets. For this paper, the focus is on the more instrumental aspects, i.e. giving and demanding explanations for a particular performance (cf. Roberts and Scapens, 1985, p. 447), including the elements 'reward and sanction' (see also Gray and Jenkins, 1995, p. 55; Smyth, 2012, pp. 231-232). A calculative practice like accounting could facilitate such forms of accountability, since it can give insights into financial and other performances that provide a basis for control under NPM (Hood, 1995, p. 94; Power, 1999).

The outsourcing of activities generally means that the outsourcing party (the 'principal') and the party that performs the outsourced tasks (the 'agent') develop an accountability relationship. One element of this relationship is that the outsourcing party still controls the outsourced tasks to some extent. Broadly defined, management control, or just 'control', entails the planning, monitoring and controlling of an organisation's activities, as well as those of its partners, in such a way that the organisation's objectives are realised and its continuity is safeguarded (see, for

example, Merchant and Otley, 2007, pp. 788-790). Management control should help attain organisational goals. However, several authors have indicated that for public sector organisations, just as for some other not-for-profit organisations, it is usually relatively difficult to agree on clear objectives (Merchant and Otley, 2007, pp. 790, 793; van Helden and Hodges, 2015, p. 8). And this could complicate the issues performance measurement and, more generally, control in public sector organisations.

Different types of control have been distinguished in the literature, one of which is output control, as promoted by NPM. Ouchi (1979, pp. 843-845) suggests that output control (i.e. a type of control based on the measurement of outputs) requires the availability of reliable and valid measures to evaluate the outputs desired (see also Merchant and Van der Stede, 2007, p. 23, who call this type of control 'results control'). Accounting information can help provide the information needed for this type of control.

Accountability and control (aimed at steering activities and curbing agents' self-interested behaviour) are both terms which may suggest clearly structured, rational forms of management, which are in line with NPM's ideas of economic rationality, i.e. the view that management is particularly focussed on increasing economic efficiency. NPM's emphasis on *output*-related accountability and control fits this context of efficiency and rationality. And if in this 'rational environment' the activities and work processes in the organisation to be controlled are also standardised, output controls can become 'routine' controls, as suggested by NPM. These routine output controls are also in line with the performance budgets used in local governments in the Netherlands (cf. Hofstede, 1981, pp. 196-200; ter Bogt et al., 2015).

This situation could therefore be considered as the 'ideal' NPM setting, in which accounting information helps in routinely giving account of an organisation's output performance. Authors like Ouchi (1979), Hofstede (1981) and Merchant (1982), however, have argued that issues such as the ambiguity of goals, a low measurability of the outputs and/or the non-programmability of tasks, may require a focus on other types of control. Particularly in those cases where, for example, outputs cannot easily be measured and/or the superior has limited knowledge of the transformation process, it is highly likely that more subjective and implicit elements, such as values, social norms and trust in the other party play a role in the control of the activities concerned. And although Pollitt (2003) would probably argue that this suggestion is not such a remarkable one, the role of these more informal controls seems to be largely ignored in NPM and the Dutch performance budgets. This situation may be explained by the theories that underpin NPM, like public choice theory, agency theory and transaction cost theory. These are all theories which put a strong emphasis on concepts such as economic rationality and opportunistic and shirking behaviour, i.e. the idea that an agent cannot really be trusted because he/she is inclined towards self-interested conduct. Opportunism, self-interested behaviour and an agent's tendency to hide relevant information, necessitate the monitoring of the agent by the principal.

However, the output of the public sector can be characterised by a relatively low degree of measurability and task programmability (Jones and Pendlebury, 2000, pp. 11-15; Budding, 2015, p. 90). Therefore, a limited degree of reporting by agents is perhaps not a matter of 'hiding' performance information, but more a reflection of the fact that it is simply not possible to measure output properly. This suggests that in many accountability and control relationships in the public sector, informal controls and probably also trust indeed have to play a significant role. Nevertheless, both in NPM and in the performance budgets used in the municipalities in the Netherlands, the control focus is generally on outputs (and, if possible, even on outcomes). Moreover, organisations to which tasks are outsourced are also required to make themselves accountable with respect to their performance by giving accounting information. In both NPM and in the Dutch per-

formance budgets this information (on outputs and outcomes) should form the basis for the control as exercised by the municipality and the municipal council.

The above literature review suggests that there are several authors whose ideas regarding transparency, accountability and control seem to differ from those represented in NPM (and the theories underlying NPM) and from those used in the performance budgets in the Netherlands (cf. Heald, 2006b, pp. 67-68). However, the 'ideals' of NPM as well as the performance budgets used in the municipalities in the Netherlands particularly focus on routine controls based on information about outputs.

The general research question posed for this research is therefore: How are the outsourced tasks of Dutch municipalities made transparent and accountable and how are they controlled by these municipalities, i.e. its civil servants and councillors? Based on the literature review, we also formulated a number of subquestions. These are:

- How clear are the municipality's policy goals and how well-defined and output-focussed 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 promotion of the external organisation's transparency and in the accountability and control relationship between a municipality and an external organisation?
- What are the roles of more informal controls and trust in the control relationship between a municipality and an external party, and how do these elements relate to the ideas of NPM?
- What are the roles of councillors and civil servants in the accountability and control relationship between the municipality and the external partner?

3.   Research method and case organisations

Until now, accountability and control issues in relation to tasks outsourced by Dutch municipalities did not receive a great deal of attention in the academic field (however, see for related research, for example, Cäker and Siverbo, 2011; Overman et al., 2015; Ferry et al., 2015; Johansson et al., 2016; ter Bogt and Tillema, 2016). Therefore, to find a tentative answer to the research question and the subquestions presented above, a descriptive and exploratory field research project was started. This project began in 2014 and continued until mid 2016. Eleven master's students, supervised by the author of this paper, were involved in the project as research assistants. The author co-ordinated the process of interviewing and document collection as executed by these assistants.

The empirical research and the interviews were led by the exploration of existing literature as presented above (Eisenhardt, 1989b, p. 536). However, although the literature gave guidance, it was our intention to learn from the field with an open mind, obtaining more in depth views on the issues which played a role in the control of outsourced tasks. For that reason, it was decided to conduct descriptive and exploratory field research as well as semi-structured interviews (see also Ahrens, 2004; p. 298). Important themes that were discussed during the interviews are: the reasons for outsourcing and the criteria used by the municipality to select an external party; the clarity of the municipal policy goals with respect to the outsourced tasks; the extent to which contract agreements were made between the two parties (i.e. municipality and external party) and the type of contract agreements and performances agreed; the way in which the external party was transparent; how it reported on financial and other performances; the reporting frequency; the knowledge inside the municipal organisation of the outsourced tasks; the role of for-

mal (accounting) documents and formal meetings; the role of more informal meetings and contacts in the relationship between the two parties and in the control 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 formal and more informal contacts between the two parties and persons involved; the frequency of formal and informal meetings and contacts; the extent to which the external party can and will autonomously take initiatives related to the tasks it performs for the municipality; changes in the relationship between the two parties over time.

The interviewees were the civil servants and their 'counterparts' from the external organisations. 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 organisations were interviewed. To obtain an impression of the possible impact of the measurability of outputs on the form of accountability required and the control used by the municipality, various types of outsourced tasks were included in the research, ranging from garbage collection and the maintenance and management of sports facilities to 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 willingness to participate. The number of inhabitants in the municipalities studied 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; four of the large municipalities include well over 100,000 inhabitants). Since one municipality did not want to be mentioned by name, this paper does not give 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, i.e. the people directly involved in the accountability and control of the outsourced tasks. The interviews generally took about one hour, but were in several instances considerably longer. After the interviews, which were recorded, the students wrote extensive interview reports (generally between 8-14 pages). These reports formed part of the basis for the empirical findings presented later on. In addition, empirical information was gathered from 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 transparency, accountability and control issues playing a role at the level of the politicians, the author interviewed five councillors from the municipalities in which outsourcing cases were researched. These interviews each took about one hour or more. The interviews with the councillors were also semi-structured. Also these interviews were recorded and documented in detailed reports (9-12 pages of length).

This paper particularly intends to present an overall picture of accountability and control issues with respect to tasks outsourced by municipalities in the Netherlands. Of course, since in most cases only one person from the municipalities and the external parties were interviewed, the research gives an overview of the field and may not have produced a fully detailed and nuanced picture of all cases. However, it seems that the various interviews and documents researched did provide clues for further research and gave valuable insights into the practical field. For example, it seems that the information obtained shows that the control of the different types of outsourced tasks was generally relatively homogeneous. Therefore, this paper gives a general sketch of a typical accountability and control relationship between a municipality and its external partner as based on our findings, and particularly emphasis the commonalities found in the cases. And although some relevant differences among the cases will also be touched upon, they are not the primary focus in this paper.

It should be clear, however, that our findings regarding a typical relationship between a municipality and an organisation to which tasks have been outsourced cannot be generalised. This is why our results have to be interpreted carefully. For example, given the limited number of organisations in our sample, our claims cannot be considered as applying to the whole field (cf. Scapens, 2004; p. 260). The results presented here may, however, offer some relevant insights into the topics researched and can serve as a basis for more in-depth and/or larger scale future studies (see also Berry and Otley, 2004).

To make sure that our interviewees' views as presented in our study could not be linked to specific people, their words were anonymised 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 organisations and the councillors) 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 organisation and interviewee 2 a councillor).

4.   Empirical findings

4.1. Introduction

The tendency amongst municipalities in the Netherlands to outsource tasks does not mean that they are no longer involved in the activities concerned. There are various reasons why municipalities may find it necessary to control the external organisations to which they outsource tasks, and require certain levels of transparency and accountability from them:

-       1) the execution of outsourced tasks is financed by public money. Obviously, the municipality is accountable for this money, which explains its interest in budgetary and performance agreements with the external party and monitoring its activities and performance;

-       2) in some instances the municipality may remain responsible for the implementation of the outsourced tasks, e.g. if the external organisation ceases to exist (if a private garbage collector goes bankrupt, the municipality still has to take care of the waste collection). Therefore, information about the external party's situation has to be provided on a timely basis;

-       3) in the case of forms of co-operation between several municipalities and a specialised unit/agency (which works for all municipalities involved), the municipalities are generally the co-owners and therefore co-responsible for, among other issues, the unit/agency's finances;

-       4) the political responsibility, for example of a member of the Executive, for an outsourced task's costs and the way in which it is performed.

The subsections below discuss a number of issues regarding accountability and in particular the control of the outsourced tasks. Each subsection will first focus on the control as exercised by the civil servants (the specialists who support the members of the Executive, the politicians). After that, the councillors' opinions about the accountability of the external party and their role in the control of these activities are discussed.

Before the municipality can make 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 agreement with the external party. Next, the accounting information provided to justify the finances, activities and output of the outsourced tasks are addressed, as well as the control by the municipality.

4.2 Goals and performance agreements

Goals

Many interviewees, both from the municipalities and from the external organisations, indicated the two parties' goal congruence with respect to the policy fields concerned. This sharing of goals seemed to relate not only to very specific task elements, but also to wider policy issues. This was particularly, but not only, the case for not-for-profit external parties, which often operate in the legal form of a foundation. The goals of these organisations were generally social or ideal-inspired, and often quite easily coincided with the policy goals as defined by the municipalities (while in several cases they were financially highly dependent on the municipalities).

In this context it was clear, of course, that the external for-profit organisations also intended to make profits on the tasks performed. Nevertheless, the civil servants generally indicated that they had not been under the impression that the external parties' goals with respect to the tasks outsourced differed largely from those of the municipalities. Moreover, the civil servants felt that - in general - the external parties were clearly aware of the municipal policy goals.

However, the various documents studied also showed that the municipal objectives were often not very detailed and specific, which may have made it easier to establish 'goal congruence' between the municipality and the external party. In the municipal policy notes, for example, these goals were generally presented in less concrete and therefore quite broad terms. The civil servants were also aware of this fact. The unclear and/or ambiguous formulations of the municipal goals may – understandably - have made it easier for the external parties to agree with them.

The absence of a 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 organisation sometimes 'helped' the municipality in formulating its policy notes and goals (and also 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 which 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 realised 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 and therefore we feel no need to take our gloves off in our negotiations with the municipality. The municipality shares this view … Meanwhile, we also want to work efficiently, so that we can generate some profit."

So in a general sense, both parties (the civil servants and the employees from the external organisations) broadly shared the goals to which the outsourced tasks should contribute, and regarded them as sufficiently clear. However, this does not mean that these objectives were always highly concrete and tangible. Furthermore, it neither means that the councillors – with the task to

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[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).

represent the citizens – were always satisfied with the way in which they were formulated. More in particular, all of the councillors found that their influence in making major contributions to defining the policy goals and the agreements about the outsourced tasks was very limited. They felt that usually their input remained restricted to some of the main lines or only a few specific aspects.

Councillor 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, in particular … in the early stage, when the general conditions and 'points of departure' are formulated. … [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 can never beat them in terms of expertise."

A closer look at the several municipal policy documents included in the research indeed suggests that the formulation of goals was often rather broad and general. Interviewees from both parties involved confirmed this finding. Although most of the documents did provide general information on what the policy intended to realise and also indicated the goals to be realised in general terms, it was often less clear what concrete activities the municipality wanted to be undertaken and what outputs were required for attaining the objectives. So no clear link was made between the outputs, if defined, and the goals. This seemed to hinder the transparency and accountability in the realisation of the policy goals, and complicated an effective control by the civil servants and in particular the council.

With respect to the councillors' influence, which most perceived as limited, the following quotes were collected. Councillor 4 remarked: "Of course, as the council you are the highest body within the municipality ... [However, f]or us, as the council, it is in practice actually hardly possible to genuinely steer and control the outsourced activities". Councillor 1 made a similar observation, but also mentioned the slightly different position that councillors have. They who form part of the 'coalition', i.e. the parties represented in the Executive, can be involved somewhat more directly: "Steering and controlling these [outsourced] activities is not easy, certainly not for the councillors. We, me and my party, have the advantage to be in the Executive, so that occasionally the alderman can privately inform us."

Performance agreements

To promote the external organisation's transparency and accountability with respect to the outsourced tasks and to facilitate the municipality's control over these tasks, the policy goals have to be 'translated' into more detailed performance plans. Following the perspectives of NPM and the performance budgets of the Dutch municipalities, the focus should in this respect be on outputs (and outcomes, if possible). We found that in some cases, the contracts with the external parties were highly detailed and concrete, also with respect to the outputs and their quality. This particularly applied to tangible activities, such as green maintenance and garbage collection.

However, generally the plans as agreed upon in the performance contracts by the municipality and the external party could be regarded as rather incomplete and/or abstract, at least with respect to the outputs. At first sight, some contracts perhaps seemed detailed and comprehensive, containing various specific performance details and/or proxies. However, a closer look made clear that in several cases the agreements on outputs were only limited while their focus was particularly on activities (number of clients served, number of visitors expected, number of activities organised, etc), budgets and/or other financial aspects. Several interviewees indicated that agreements on these issues were helpful in controlling the external party, but most of them also argued

that they clearly saw the limitations of these contracts because they hardly included information on output or outcome performance.

A few interviewees indicated that for the tasks in which they were involved, the limited amount of detail (regarding outputs) in the contracts was related to 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 played a role, for example a lack of time or knowledge. As indicated before, interviewees from both parties put forward that because the labour capacity and specific knowledge available in the municipality were often limited, the external organisation sometimes assisted in drawing up the performance agreement (including the performance plan) or even produced a full proposal for a contract. This proposal was then discussed and possibly adapted as regards some aspects.

Also referring to this issue, interviewee F, a civil servant who worked in the field of care and welfare, remarked: "[Y]es, it is a whole mashup 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 appointments. A lot of words, but you cannot measure anything." Interviewee l, the manager of an external organisation that performed relatively concrete tasks, observed: "Quite often we whisper to our municipal partner: hey, we think that it is better this way. Or you may do this and omit that. So we try to give the municipality some tips, since we are […] a bit more familiar with the processes and working methods than they are. … After all, we are all working together [on this], so we try to formulate them [i.e., the goals and performances to be realised] collectively." In this context, civil servant T added: "What is included in the contract is in first instance determined by the [external organisation]. That is why we outsourced this task. .. For the municipality there is [in fact] hardly a possibility to change the contract." And about the relationship with another external organisation 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 in some cases the performance agreements contained concrete and probably also rather complete information on the relevant outputs. However, mostly there was not a very strong basis on which the external organisation could be made transparent and accountable as regards the output of the outsourced task and its contribution to the municipal policy goals. The clarity of the performance agreements generally mainly related to inputs (finances) and activities. This implies that the municipality could not really expect to receive much detailed information on outputs and use it to control the results from the outsourced tasks.

4.3 Control: accounting information and the role of trust

Focus on finances

The external organisation's accounting reports generally informed the municipality about the finances (in particular the use of the budgets made available by the municipality) and about some performance aspects. In principle, these reports – elements in the planning and control cycle – specifically provided information on the issues included in the performance agreements. They were meant to serve as the external party's account giving instrument while the civil servants and/or councillors should use them to see to which extent the intended performances were realised.

In the cases researched, the annual planning and control cycle generally started with an agreement between the external party and the municipality about the annual budget. This budget indicated the amounts available for the external party and in principle also the activities/outputs

to be performed. The budget often took the form of a performance agreement with rather detailed financial information plus some additional performance information, mostly on activities. In general, little information on output was included, probably because it was difficult to define and measure. After the end of the budget year, the external party had to produce an annual report for the tasks outsourced. This report had to at least account for the external organisation's financial performance. Commonly, this financial information was audited by an external auditor.

In general, the civil servants and/or the financial department of the municipal organisation checked this annual account/report on its main lines, in particular the financial information. The civil servants indicated that they considered a proper account of finances as very important and that financial aspects received serious attention. However, if the annual account had already been examined by an external auditor (which was generally the case), the inspection by the civil servants was usually not very detailed.

In some cases, the external organisation was only asked to produce a budget and an annual account/report. However, often more information was required, for example one or more interim reports during the year, sometimes even monthly. These reports generally had a strong financial focus (e.g. the amounts spent). However, in several cases they also dealt to some extent with outputs (e.g. information on the quantity of tons of garbage collected) and especially 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 carefully, mostly they were looked at rather superficially. As one reason for this the interviewees explained that often they already knew about the information reported through their informal contacts. Generally, the brief inspections of the reports led to not much more than, if necessary, a short phone call or meeting with the external party, during which the progress or specific developments were briefly discussed.

Civil servant A, for example, 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. I think I have to give them sufficient space to do their work. … 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 frequent contacts, the relationship with them is good and we have known each other for several years, so goodwill has been built."

The findings showed that both the reports and the municipality's control were very much focussed on finances. Particularly the civil servants clearly indicated that in controlling the task outsourced to the external organisation, municipal financial aspects, i.e. avoiding budget overruns or financial shortfalls, were of primary importance. Transparency in financial matters that could affect the municipality was therefore considered as essential. The interviews made clear that the external organisations were aware of this. In addition, the interviewees indicated that any financial information or unexpected event which may have 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 also through informal contacts, e.g. a phone call or an email. Since financial problems have a tendency to draw the immediate attention of the council and/or the local press, a quick delivery of this information was especially regarded as important. Furthermore, financial issues generally impact the position of the alderman responsible for the policy field in question. In sum, transparency and 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: "As regards our performance, actually we always say 'efforts'. … We make an effort to perform well. … If things are difficult to measure, communication is particularly important. … Of course, you have to formalise certain things because they need to be on paper. But the relationship you have with one another is much more important."

The previous suggests that, apart from low output measurability, two more or less related reasons for the municipality's focus on finances were 1) the wish to avoid financial risks and 2) the political sensitivity of financial shortages. However, in addition to the financial focus, the municipality occasionally also wanted information on the activities agreed upon, as indicated by some civil servants. This information enabled the civil servants to obtain a more detailed picture of issues such as, for example, numbers of clients or visitors, etc., and could serve as an extra basis for control. In some cases, a low performance with respect to specific activities was regarded as 'sensitive', for example in the case of home care for the elderly. However, mostly the civil servants – as they explained - only paid attention to the reports on activities or outputs if citizens expressed complaints and/or attracted media attention, or if the external party informed them of issues which deserved attention. In this respect, there seemed to be no difference between the more concrete tasks, like garbage collection, and the less tangible ones in the field of, for example, welfare or culture.

Although some interviewees regarded information on customer satisfaction as an acceptable proxy for output knowledge, some others explained that these types of information were not considered as very helpful in obtaining a good indication of the output and its quality. In the case of care for the elderly, for example, quality surveys might not produce fully reliable information because of the low assertivity of the people involved or because they could be reluctant to be negative for fear of possible negative consequences. All in all, the findings suggest that, even when information on activities (or even outputs) was available, the civil servants' focus on non-financial accountability information was limited and their control of the external party's activities (and even more of its outputs) seemed to be rather loose.

The councillors 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. In particular in the case of financial problems or 'noise', the council would focus on the external organisation and ask the Executive to give account of the issue. For the rest, as explained by the councillors interviewed, neither they themselves nor the council as a whole generally had much interest in the accounting documents or other reports received from the external organisations. For example, including an external organisation'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'. Usually, such a report would be discussed only very briefly. Action would only be undertaken if a problem with the external organisation's service provision or performance had drawn the attention from, for example, the local media, or if citizens had contacted councilors. In that case, according to the interviewees, a discussion of a particular outsourced task could serve as an opportunity to obtain political gain, in particular for parties from the 'opposition'. Furthermore, although councillors could occasionally have contacts with citizens about a specific element of an outsourced task, they never gave citizens a systematic account of the outsourced tasks' performance and control.

Councillor 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 … In general, the council hardly discusses the information in the municipal pro-gramme budget or the annual account about the external organisations. A few routine questions, that's all." In a similar vein, councillor 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 limited knowledge of several of the civil servants of the contents of the external party's work made it difficult for them to properly control aspects and activities other than financial ones. However, with only a very few exceptions, this was hardly considered as a problem since almost all municipal interviewees stated that they highly trusted the external partner and its performance. To them, the external party seemed to be a partner with whom they co-operated well, so that the goals to be attained via the tasks could be realised effec-tively. They 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 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 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 increased the importance of trust in the ex-ternal partner. (perhaps as a 'proxy' for stricter control). However, the research did not indicate that this circumstance played a major role in the role and building of trust between the municipal-ity and the external partner.

With the exception of some of the outsourced tasks resulting from tendering procedures, the two partners had in several cases known one another for a longer period of time. This meant, as the interviewees explained, that generally they knew each other quite well, which in practice made the accountability relationship with respect to activities and outputs rather loose. Multiple civil servants and external employees indicated that they contacted each other frequently, some-times several times a week and often in informal settings. During their frequent meetings updates were exchanged and current business events as well as longer-term plans or interesting new de-velopments discussed in an informal setting.

If necessary, more formal meetings between the two parties were organised. These gener-ally took place only a few times a year between, for example, one or more members of the Ex-ecutive and the director or other higher ranked managers from the external party. In addition to approving the budget/performance agreement or the annual report prepared by the civil servants and (lower-ranked) employees of the external organisation, in these meetings mostly more gen-eral developments and future prospects were discussed.

So, the several civil servants explicitly expressed that their co-operation with the external organisation 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 accounting reports (and the possible output infor-mation included in them) as received from the external party. Apart from trust as such, also the informal contacts seemed to play 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 were the output and performance seemed to be reasonably

measurable, the civil servants generally did not pay a great deal of attention to the performance information.

Interviewee X, for example, responsible for a set of concrete outsourced tasks, said: "We randomly check, so to speak. … But … control is also a matter of trusting one another. … We do not specifically look at documents or processes … No, it comes down to the relationship. … What has to be arranged formally is done formally, but otherwise much is informal. These informal contacts have a positive effect on our relationship." And director v of an external organisation 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 with the civil servant involved … In a way the municipality is certainly involved; they are our sparring partner. … [I]f they have the impression that you're doing a good job, they give you freedom. 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 organisation as a kind of partnership in which both parties co-operated well and in which trust was important.

The councillors, but also some of the other interviewees, explained that in case of a problem with the tasks outsourced, the discussions in the council usually mainly focussed on 'incidents', i.e. specific financial and performance details which had drawn the attention. As was mentioned before, the councillors complained that they mostly received very little information on the specific tasks and performance, which fairly limited their possibility to exert control. However, the councillors were also open enough to indicate that they were often not very motivated to pay much (structural) attention to the outsourced tasks. Controlling the external parties strictly was simply considered as too time-consuming. Some councillors were very explicit regarding this issue. In this context, it should be noted that the function of councillor is mostly a part-time activity which has to be combined with another ('regular') job. The councillors explained that they had to be selective in deciding on which topics they could spend their time.

Some councillors argued that the control of external organisations is primarily the task of the civil servants and the Executive, and that they must inform the council if there is a problem. Councillor 3 said in this context: "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 councillors paid very detailed attention to the contents of the accounting documents available to them. And although the information on the outputs was mostly very limited, that on the activities (which could also facilitate accountability) was generally not frequently addressed either. As long as there were no obvious indications of financial issues or other problems, there was little focus on the external organisation's performance. Furthermore, trust played an important role in the accountability and control relationship between the civil servants and the external party. The external party was often considered as a partner, rather than as an agent.

5 Discussion

In today's public sector, and also in the context of democratic societies in general, concepts such as performance, efficiency and effectiveness, as well as transparency and accountability, are commonly used notions (Cornwall, 2007). Based on what can be found in the formal policy notes and the topics discussed in the debates in several of the public sector organisations in the Netherlands and elsewhere, the impression is obtained that the 'innovations' as proposed by NPM have been very influential. And this is indeed true to a certain extent. Many ideas presented by NPM have been introduced in public sector organisations while they also seem to have had an impact on its outputs, the employees in these organisations and on citizens. Organisational structures were changed, tasks were outsourced, performance agreements were drawn up, the measuring of outputs and outcomes was introduced, managers turned to 'hands-on' approaches and the role of accounting increased (Hood, 1995). The organisations no longer served the citizens by merely spending inputs, following procedures and producing plans, but by supplying them with 'products'. Measuring and monitoring behaviour, activities and outputs became prominent.

In fact, in terms of transparency and accountability the public sector seems to go much further than the private sector, where these concepts primarily relate to the stakeholders directly involved, and not so much to society in general. NPM has promoted the importance of both; it is argued that transparency and accountability make it easier to monitor the activities and performance of the 'agents', whether they are internal lower level managers or external organisations (or citizens). The focus on monitoring fits NPM's perspective of having low trust in agents and their behaviour, which goes back to the principal-agent theory and its view that agents are motivated by opportunism and self-interest. Under NPM, transparency and accountability particularly relate to output and other performance aspects (Kondo, 2002). So although in the literature various wider conceptions of transparency and accountability can be found (see, for example, Stirton and Lodge, 2001; Bovens, 2005, 2007; Heald, 2006; Fox, 2007; Pollitt and Bouckaert, 2011), NPM has a more narrow definition of these concepts. Furthermore, with respect to the provision of information required for monitoring the agents, NPM gives a prominent role to accounting information and accounting documents (Hood, 1995, p. 94; cf. Hopwood, 1988).

NPM also promotes marketisation, which can take the forms of, for example, privatisation or the outsourcing of activities. In local governments in the Netherlands, and more in particular in Dutch municipalities, various forms of the outsourcing of tasks have in recent years become prominent again, also under the influence of budget cuts after the Financial crisis. To facilitate the municipal control of these outsourced tasks, the external party has to make its functioning transparent by providing the municipality with information via which it gives account of its actions and outputs. Under NPM, accounting documents also play an important role in this context (see also Hood, 1995).

Over the years, NPM and NPM-related views have for various reasons been severely criticised (see, for example, Humphrey et al., 1993; Pollitt, 2003; Dunn and Miller, 2007; Lapsley, 2009; Pollitt and Bouckaert, 2011; ter Bogt et al., 2015). Nevertheless, NPM-like initiatives do seem to play an important role in the management of public sector organisations, in particular again since the Financial crisis (Lodge and Hood, 2012). Furthermore, NPM's focus on, for example, outputs, outcomes, efficiency and effectiveness is a prominent element in the planning and control documents and the management of local governments in the Netherlands. The Dutch municipalities' programme budgets, which have to be drawn up according to central government regulations, can be considered as an NPM-based instrument with the emphasis on outputs (and in principle also on outcomes). In the context of the outsourced activities of Dutch municipalities,

all of this seems to make a clear case for (further) increasing or at least maintaining the level of accountability via accounting reports.

However, our empirical research has shown that the NPM utopia as sketched above does not always exist in reality. The field research conducted in the Dutch municipalities suggests that the civil servants and councillors were less 'businesslike' and much less focussed on accounting numbers than one would expect. Furthermore, both interviewee groups (the external organisations and the municipalities) particularly underlined the role of trust.

The research indicated that only if they had already received signals of problems did the civil servants (or councillors) address the information available in the accounting documents more or less intensively. Of course, the literature stipulates setting priorities and discarding information that is not interesting or does not contain any real 'news'. As indicated by Merchant and Van der Stede (2007, pp. 29, 330), for example, in the context of planning and control, 'management by exception' implies that managers focus on negative variances, i.e. situations where the actual performance is below target, which means that there is a potential problem that can justify an interference in the operational activities. If there are no such negative variances, the managers do not spend time on the issues involved. It seems debatable, however, whether such a form of control fits NPM's emphasis on the strict and routine monitoring of output and other performance aspects (and its underlying principle of 'distrust').

Perhaps more important than the observation that there was not much support for the NPM perspective (and that NPM advocates may have ignored parts of the accountability and control literature), the question could be posed to what extent forms of 'control by exception', which seem to be widely accepted in the for-profit sector, also fit the public sector. Of course, other research has suggested that in a political context the information in accounting documents is more intensively used in exceptional situations than in regular circumstances (see, for example, Pollitt, 2006; Demaj and Summermatter, 2012). However, one may then also ask oneself whether these types of control really contribute to a form of transparency and accountability which is more than just a formality without much meaning. In the public sector, accountability seems in principle to relate to all aspects of the organisation's 'transformation process'. Control by exception may fit in particular situations where the goals are relatively well-defined and the activities and outputs (or 'profit', as a proxy for outputs and outcomes) are relatively clear and routine (Hofstede, 1981). Examples are outsourced tasks such as garbage collection and the maintenance of parks or sports facilities. However, as was observed in several of the cases researched, if the goals are not very concrete, if the effects of intervention by management are not really clear, if the measurability of outputs is low, and/or if the types of output highly differ, the control cannot really be denoted as a routine activity with a focus on outputs (cf. Simon, 1964, pp. 2-3). Therefore, in such situations and with respect to outsourced tasks, accountability may require a more active and formal involvement of the civil servants (and the Executives behind them).

This does not alter the fact, of course, that in practice accounting information is used in combination with other types of information. For example, research has shown that in the private as well as the public sector, managers and politicians generally only make a limited use of written accounting information. In several cases, they prefer the direct and verbal face-to-face information obtained during meetings and contacts (see, for example, Mintzberg, 1972; Daft and Lengel, 1990, pp. 248–50; McKinnon and Bruns, 1992; ter Bogt, 2004; Hall, 2010, pp. 304-308). However, this particularly seems to fit situations in which the people involved have much knowledge about their work and things go as agreed. Such conditions were not necessarily met in the cases researched. For example, our study made clear that, quite frequently, the available labour capacity and the level of specific knowledge and experience in the municipal organisations

seemed to be restricted. If reasons such as these are the cause of the limited use of accounting information and a less active involvement in the accountability process and the control of the outsourced tasks, it may be argued – somewhat normatively – that these issues deserve the municipality's broader attention. That could the more be the case, since the findings indicate that even in case of measurable outputs, the use of output information in accounting documents is low. This suggests little support for ideas in contingency theory that a high measurability of outputs implies output control (Ouchi, 1979; Merchant, 1982). This issue, too, could be explored in further research.

The accounting documents produced by the external party, like accounting documents in general, can contribute to the 'visibility of the economic' in a political area (Hopwood, 1988, pp. 262-265). Our research findings indeed suggest that these documents may have this well-known attention-directing and scorecard-keeping role. However, they have these roles probably particularly within the external organisation. If the external organisation observes developments of which it knows that they should be communicated to the municipality, it will share this information with the latter party, generally in first instance via informal contacts. Nevertheless, it must also be noted that accounting documentation can have a (self-) disciplining effect on the external organisation (Hoskin and Macve, 1986, pp. 106, 132-133; Miller and O'Leary, 1987; Mennicken and Miller, 2012, pp. 7, 18-19; Foucault, 1995, pp. 172-173, 206-208) in that the information is formally recorded. Even if the reports are not used at a particular moment, the documentation of information renders the external party's activities and outputs to some extent transparent. This transparency can have a disciplining effect, if only because in this way information can be retrieved whenever a problem occurs. In this context, the accounting information does not so much serve the municipality's 'daily' accountability and control practices, but has a more indirect role in stimulating the external organisation in displaying 'proper' behaviour.

With respect to the councillors, it seems that they did not give much account to the citizens, i.e. their voters, of their control of the outsourced tasks (cf. Willems and Van Dooren, 2012, p. 1027). The councillors did have contacts with citizens and also responded if there were complaints about outsourced tasks. For the rest, however, they were not much involved in the structural forms of account giving to the citizens/voters. Moreover, our findings suggest that the councillors had a very limited role in the accountability and control process of the outsourced activities. A possible explanation is that they did not have the time or knowledge to control the tasks and for that reason perhaps had to fall back on 'attention by exception'. However, they also indicated that they wanted to avoid spending time on activities that would probably not bring them any political gain. It is likely that for these reasons they generally only paid attention to the financial aspects of the outsourced activities. And only in the case of political conflicts and 'incidents' which drew attention (Burchell et al., 1980; Giacomini et al., 2016, p. 488; Moynihan, 2016, p. 480) did they show an interest in accountability information.

Mostly in the profit sector, for example in the case of joint ventures, partnerships and networks, various authors have observed that the transparency role of accounting information contributes to building trust between partners (see, for example, Langfield-Smith and Smith, 2003; Mouritsen and Thrane, 2006; Vosselman and van der Meer-Kooistra, 2009; Dekker, 2016). Trust can be a complex issue (Mouritsen and Thrane, 2006). However, in the context of partnerships and networks, transparency and the related development of trust and control are sometimes considered as substitutes (implying that more transparency and trust leads to less control and vice versa), whilst in other cases they are seen as complements, i.e. more control leads to more trust and a desire for more transparency (see, for example, Tomkins, 2001; Dekker, 2004; Vosselman and van der Meer-Kooistra, 2009). Whatever the precise relationships in the various cases re-

searched, it seems clear that trust plays a very important role in the accountability and control relationship.

Tomkins (2001, p. 165) has argued that trust and the provision of information are clearly linked. Furthermore, Vosselman and van der Meer-Kooistra (2009, pp. 278-279) suggest that in the use of accounting information as a basis for building trust and executing control, a balance between the two is required. These authors promote the view that a combination of trust and accounting information serves as a 'proper' basis for effective accountability and control practices as regards outsourced activities. They also suggest that if goals are ambiguous or outputs cannot be measured, it is sensible or 'inevitable' to make use of informal controls focussed on 'soft' issues, such as values, social norms, the belief that the goals are also shared by the other party and, more generally, trust. It seems that this view is not much in line with the supposition of strictly self-interested behaviour, opportunism and low trust in other people and organisations, elements associated with NPM (and, more in particular, with the agency and public choice theories underlying NPM).

So, as regards transparency, accountability and control issues in outsourcing relations, there are indications in the literature that – depending on one's assumptions about motivation and human and organisational behaviour – elements such as social values and norms as well as trust do play an important role. Furthermore, this literature may also suggest that in the control of organisations, these elements can coexist with transparency and the provision of accountability and control information in accounting documents. This approach proposes a view on human behaviour which differs considerably from the idea of a need for close monitoring, prominent in NPM. It also seems to go beyond the more functionalist view of trust as proposed by authors such as Tomkins (2001), Ring and Van de Ven (1992), Carney (1998) and Free (2008). In this context, the research findings may suggest that - although this issue needs to be further explored - rather than following NPM's view of 'making the behaviour of civil servants and politicians fit the system', control forms could be introduced which better 'fit' the situation in practice.

The views represented in, for example, stewardship theory could be of help in developing these alternatives. In contrast to agency theory, stewardship theory (Davis et al., 1997) assumes that people are prepared to trust one another and that employees are intrinsically motivated to act in the interest of the organisation's principals. Stewardship theory argues that employees are trustworthy stewards who consider their organisation as their own and who want to serve the collective and its goals. If this approach is applied to a combination of individuals ororganisations, the control of outsourced tasks could – following the stewardship perspective - be relatively loose and informal. The focus is then on fostering autonomy and collaboration and empowering and facilitating the external organisation to serve the outsourcing organisation's goals in an optimum manner. These objectives may then even be regarded as 'common' goals (see, for example, Donaldson and Davis, 1991; Davis et al., 1997, pp. 33-34; Hernandez, 2012, p. 172).

It is clear that the stewardship perspective differs considerably from that of NPM, which draws on the public choice and agency theories and their emphasis on opportunism, diverging interests and goals, as well as self-serving behaviour (among individuals or, in the case of outsourcing, between the public and the external organisation). In an NPM world, controls have to both motivate and constrain individuals (and the organisations to which tasks are outsourced). This is done by closely monitoring them and giving them incentives to behave as intended by the superior (see, for example, Eisenhardt, 1989a; Jensen and Meckling, 1976). Only then, is argued, will they act in the interest of the principal, i.e. the outsourcing organisation, and its goals. Transparency and account giving with respect to issues such as costs, outputs and outcomes are necessary to provide the information required for the control. NPM clearly does not suggest accounta-

bility or control relationships, whether horizontal or vertical, to be based on trust or other types of informality. However, the cases researched in municipalities in the Netherlands clearly indicated that aspects such as a belief in shared goals and norms, as well as autonomy and trust, played a prominent role in practice. This finding suggests that types of outsourcing relationships in the public sector based on these elements deserve further research.

In addition, it could also make sense, of course, to investigate further whether stakeholders actually consider the control exerted by the civil servants and councillors at the present moment as 'sufficient', or that they see the level of trust in the external party in some cases as having 'blind faith'. The cases researched showed that the available information on activities and outputs was used only limitedly. Further, the research makes clear that in several instances the content of the contract with the municipality was extensively influenced by the party to which the tasks were outsourced. And it seems that in some cases municipalities cannot, or simply do not, assess the content of such proposals critically. This could imply that the contract is largely determined by the external party without much discussion. The question could be raised, whether this is something that is a part of, for example, stewardship ideas. So although the interviewees in the empirical research generally indicated that they were (very) positive about the outsourcing relationship, our study did not address the issue whether a 'proper' promotion of the public sector interests and the interests of citizens perhaps requires a somewhat stricter control of the outsourced tasks. Further research could focus on whether stakeholders are the opinion that – next to the accountability information already available and the role that informal contacts and trust can play – this closer control contributes to realising more equilibrium in the interests of the parties involved in the outsourcing relationship.

6. Conclusion

The above indicates that the approach to the control of the tasks outsourced by the Dutch municipalities in our empirical research differs considerably from NPM's perspective and propositions.

With respect to the research (sub)questions, our findings seem to indicate that the policy goals were often formulated only in more general terms, whilst the outputs were not clearly defined and/or measurable. Furthermore, in practice the accounting reports only had a limited role in the transparency of the outsourced tasks or in the accountability to the municipal organisation (i.e., the civil servants) and the members of the municipal council. There was information available, in some cases even quite extensive and rather detailed, but the civil servants did not make much use of it, and certainly not in a structured and structural manner. Moreover, the information regarded as important by the external party had mostly already been exchanged via informal channels before it was documented.

As was indicated above, the accounting reports on the outsourced tasks were generally primarily focussed on finances and, to some extent, on activities (rather than on outputs or outcomes). Only in the few cases where the outsourced tasks were quite concrete and measurable did the contract agreements and reports sometimes emphasise outputs. In these cases, however, the various accounting documents received by the municipality during the year (interim report, annual report) neither played a major role in the systematic control of the outsourced tasks. So, with respect to the research question and subquestions, the conclusion is that even when output-focussed accountability information was available, the civil servants' use of it seemed to be very

limited. Moreover, the councillors, who operated more at a distance from the daily management and control, paid even less attention to the accounting documents they received.

This finding suggests that in the 'typical' control relationship between a municipality and an external party, output-focussed accountability information only plays a minor role. In the municipalities included in the field research, the reality of accountability and control did not seem to be in line with the utopia as sketched by NPM, in which strict forms of control are applied on the basis of clear accounting information about standard outputs and outcomes. It appeared that the complexity of many of the tasks and outputs of the municipalities (and the organisations to which they outsourced these tasks) made it difficult to exert control mainly on the basis of standardised accounting information. Moreover, and perhaps even more important, the cases did not give the impression of a low trust between principal and agent that called for a strict monitoring on the basis of accounting information. On the contrary, the interviewees were generally positive about the outsourcing relationship and indicated that the level of trust was high. Accounting documents did play a certain role in the control relationship, in particular the financial information, but they mainly had the purpose of confirming what had already been exchanged during the formal and particularly many more informal meetings and contacts. Councillors too mainly focussed on the financial information about the outsourced tasks. It was only in the case of incidents that they paid real attention to the external organisation's activities and outputs.

The research currently conducted mainly gives an overview of situations as they exist in practice in the public sector. This overview provides a picture of a typical outsourcing relationship, which is valuable, as it gives an indication of the working methods in practice and the roles that accounting information can play. However, the number of interviews and the additional information included for each of the organisations was relatively limited. As a result, this research does not provide in-depth picture of the individual cases studied, for example of the particular working methods and the reasons why they were used. Future research should shed more light on this issue.

Although some attention was given to activities, the emphasis in the control specifically seemed to be on financial information. The municipal control of finances was strict. In the case of financial problems or unexpected developments which could have direct financial consequences (and could be of influence on the execution of the outsourced task), the external party had to inform the civil servants immediately. The councillors had the same financial focus in that they required the Executive (and the civil servants) to inform them instantly of possible financial setbacks, particularly if they could have consequences for the tasks performed and/or the municipality. However, as indicated above, information about problems or incidents, whether financial or more related to activities (or even outputs), was generally already reported during the more informal contacts between the external organisation and the municipality. Here the accounting reports mainly served to confirm what the municipality already knew.

Next, future research may further explore the role of trust in the outsourcing relationship. In this context, it could be interesting to focus on the question whether trust is mainly based on the limited time and/or knowledge of servants and councilors (i.e. is having trust in the other 'inevitable' for them, given the scarce resources), or whether it can be considered as being more 'intrinsic'.

For the moment, it can be concluded that as regards transparency, accountability and control issues in outsourcing relations, there are indications in the literature that – depending on one's assumptions about motivation and human and organisational behaviour – elements such as social values and norms as well as trust do play an important role. This finding suggests a view

on human behaviour that differs considerably from the idea of a need for close monitoring and low trust, which is prominent in, for example, agency theory and NPM. Although this result needs to be further explored, the experiences collected in this study may also suggest that rather than following NPM's idea of 'making the behaviour of civil servants and politicians fit the system', control forms could be introduced that are better suitable for the situation in practice. In the control of organisations this approach could imply a reduction of the presumed explicit role of outputs and accounting information, i.e. a partial withdrawal of one of the 'innovations' of NPM. However, unless there are more 'ideological' reasons, such a withdrawal should perhaps not be considered as problematic. The control of tasks, whether outsourced or not, is an activity directly associated with organisations in the practical field, which also applies to public sector accounting and management. To put it more normatively, it seems that the way in which these activities are executed should correspond with the organisation's context and what can be realised in this setting. Such a pragmatic approach is probably to be preferred to a focus on an innovation which is actually an utopic ideal. Referring to the words of Otley and Berry (1980, p. 234), although expressed in a somewhat different context, it is time to "match accounting information and control procedures to the type of organisations in which they operate".

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