Strengthened stewardship

Empirically informed perspectives for enabling forms of steering of Danish agencies and educational institutions

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1. Introduction

In contemporary systems of governance, many policies that are defined by central governments are delivered by organizations with some levels of autonomy. As a consequence, one of the major challenges for the modern state is to find effective forms of steering that enable those organizations to perform their tasks in effective and efficient ways. This presupposes some type of *balance* between enabling forms of steering, that empower those organizations and build on trust, in combination with appropriate forms of scrutiny and control. While trust and control may theoretically seem opposing ideas, in governance practice central actors must rely on combinations of both. The challenge is to find the optimal balance of both approaches that fit the specific circumstances, the organizations and their tasks.

This study aims to understand how top managers of state agencies and educational institutions in Denmark perceive the current steering from ministerial departments and examine whether improvements may be desirable and in what direction they may be sought. Theoretically, the study builds on a combination of two steering approaches, focusing on either control (principal-agent theory) or empowerment and trust (stewardship theory). Empirically, the study builds on a survey, distributed in 2020, among the top managers of agencies and educational institutions. The study seeks to understand how these organizations are steered (in the perceptions of their leaders), to what extent they seem satisfied with the steering, and what type of steering seems to be most satisfactory. On this basis, exploratory perspectives for policy-makers are formulated.

The broader international context

Over the past decades, many governments in developed countries have been inspired by managerial practices and ideas emanating from the private sector (Verhoest 2016; Dan & Pollitt 2015, Schillemans et al 2020; Szescilo 2020). Under the rather broad umbrella of *New Public Management*, many central governments transformed the ways in which they deal with organizations delivering public policy, such as agencies or educational institutions. This transformation most fundamentally addressed some of the negative effects of traditional bureaucracy, such as inefficiencies, rigidities, and a lack of customer orientation. NPM-reforms have not been without success. However, those new managerial approaches also had their downsides, particularly in the form of a perceived over-reliance on quantitative targets, excessive monitoring and reporting costs and more generally tensions in the relationships between central governments and those organizations delivering the policies, such as agencies and educational institutions. In effect, in the last years both academics as well as policy actors are looking for new models of governance and in particular for new ways of steering that rely more on partnership and trust and aim to avoid excessive control and reporting.

In Sweden, for instance, the government started an initiative to reform steering relations from a control-centered approach to a trust-centered approach (see here). In the UK, proportionality and partnership are among the keywords in the steering relationship between central government and public bodies (see here). While in the Netherlands, the

concept of 'public value' is of increasing significance in the steering of autonomous bodies (see [here](#)). While there are many variations between those policy initiatives and their theoretical foundations, they all revolve around notions of partnership and trust and the idea that central policy-makers and the organizations delivering policies should somehow craft an effective working partnership respecting each other's roles in the pursuit of a common cause. And, additionally, they also explicitly or implicitly criticize the focus on quantified targets and the ensuing reporting and control pressures inherent in many NPM-reforms.

In Denmark, similar concerns and ideas have been noted regarding governance and steering (cf.Torfing & Bentzen 2020). For the last decade there seems to be a growing political consensus regarding the need to change public sector steering- and management practices into more stewardship-like models. As in the other countries, this is a departure from the more control-centered principal-agent approaches in the '80s, '90s and '00s. In the last years, there have been policy initiatives, comparable to those described in for instance Sweden, the UK and the Netherlands, with an increased focus on the preconditions for good management and service delivery in the governance system. Initiatives like Frikommuneforsøg (2012 ff), Tillidsreform (2013), Ledelses- og kompetencereform (2018), Sammenhængsreform (2018) and recently the proclamation of a "Nærhedsreform" (2019), were all to some degree aimed to strengthen "self-governing" organizations that should also get closer to citizens. As in the countries mentioned above, there have been some criticisms regarding the overly detailed monitoring of organizations in the 'old' governance regime. In Denmark, as in the other countries, there is a policy interest in effective forms of steering which work empowering to the agencies and institutions doing the 'work of government' and forms of steering and monitoring from the centre that enable them to do their work effectively and satisfactorily. The focus though has been primarily on the services of municipalities and regions, whereas the functioning of agencies and educational institutions has received less attention. This is partly due to the relative size of local government in Denmark, employing three quarters of the entire public sector.

This study

Against this background, this study focuses on how top managers in agencies and educational institutions perceive how they are being steered by central government and aims to help disclose avenues for further improvement. To this end, this report draws on a combination of two theoretical approaches. First of all, the paper draws on stewardship theory as one of the emerging approaches to governance, in which trust and empowerment of the bodies delivering policies take central stage. Stewardship theory departs from the assumption that an agency or educational institution is intrinsically motivated to perform its task optimally and that the steering from the centre should be conducive to this end and should not be experienced as an exercise in external control. However, we would claim that *some* control will always be relevant and, if exercised appropriately and respectfully, that managers of agencies and educational institutions will accept and even approve of this (cf. Schillemans et al 2020). The study therefore secondly builds on 'traditional' principal-agent theory, in which finding the most effective form of control is the key task. We assume that

there is no single best way of steering, but that the best possible mode of steering depends on its fit to the specific organizations and context with a combination of control-centred measures (in line with principal-agent theory) and trust-centred measures (in line with stewardship theory).

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This report addresses the following questions:

1. How do top managers in agencies and educational institutions experience that they are steered?

This question is answered on the basis of a survey combining elements from control-centred approaches (principal-agent theory) and trust-centred approaches (stewardship theory). We will see that agency managers perceive central steering to be rather different than the managers of educational institutions. This is perhaps as can be expected, as educational institutions are self-governing and operate in a different steering context. Results are also tentatively compared to the steering of agencies in other countries, notably the Netherlands. This will show some similarities and differences to the steering of agencies in Denmark, although these should be read with care.

2. To what extent are top managers satisfied with the steering they perceive?

Steering practices can be evaluated from many perspectives, for instance from the perspective of whether they stimulate effectiveness and efficiency, integrity and honesty, or resilience and stability (Hood 1991). In this study we focus on whether the managers of agencies are satisfied with how they perceive to be steered. This is, obviously, only part of the question whether or not a steering practice works. It is however highly relevant, as it can be assumed that the alignment and partnership of government departments with agencies and educational institutions is more optimal when partners are satisfied. We measured satisfaction by asking respondents for 12 characteristics of steering (based on the two theoretical perspectives) to indicate both the current situation as well as the optimal situation. As a result it was possible to calculate for all participants to what extent the optimal and actual situation are similar. The analysis will show that agency managers are more satisfied with central governments' steering than managers of educational institutions.

3. Under what conditions are top managers more satisfied with the ways in which they perceive they are steered?

In addition, the survey also allows us to gauge under what steering conditions all managers were more or less satisfied. The various separate characteristics of the steering relationship have been related to the level of satisfaction with the steering regime. The short of that analysis is that, for both agency-mangers as well as managers from educational institutions, a more strongly trust-centred steering relationship (in line with stewardship theory) is clearly related to higher satisfaction with the experienced steering regime.

4. What are effective trust-centred measures of steering in which hierarchy is not enacted directly?

By analysing under what steering conditions agency managers are more satisfied it is possible to point out possible avenues for further improvement. In addition to that, the survey contained an additional element: a conjoint experiment in which respondents were asked to make a decision under differing steering conditions. Those steering conditions excluded forms of explicitly hierarchical steering. The purpose was to gauge what types of trust-centred steering may be more effective in influencing managers from agencies and educational institutions, in line with stewardship theory.

These four questions are answered on the basis of a survey, distributed in the late spring and summer of 2020, among the leaders of agencies and educational institutions in Denmark, with a good response rate of 57% (agencies) resp. 50% (educational institutions).

2. The Survey

This section provides an overview of the organizations participating in the study, some generic characteristics of participants and basic descriptive statistics. This helps to provide an overview of the empirical basis on which this study is built and helps the reader to understand on what basis we draw conclusions. The section will show that there are many differences within our sample of respondents. In the further analyses, however, only one distinction proved to be relevant and that is the distinction between agencies and educational institutions. In the remainder of the report, this will be the only distinction that will resurface throughout.

The context

The Danish government administration consists of about 20 departments and 130 agencies and government institutions, changing marginally after each new government assumes office. In addition to that, there are another 3-400 self-governing, state-funded institutions. These are particularly numerous in areas such as education, research and culture. This study focuses on two different types of organizations: agencies and educational institutions. Although they are both related to central government, there are important differences between the two types of organizations in this study.

Agencies

Traditionally, Danish agencies have had a certain level of autonomy, sometimes embedded in the legislation. The recent trend in many ministries is however to bring the agencies closer to the ministers and to stimulate a speedier and more aligned execution of policies and reforms. Steering mechanisms are rather centralized concerning the expenditure (budgets and accounting), whereas the monitoring of policy implementation is largely designed by each ministry, in accordance with the constitution that demands total ministerial accountability for all decisions within the ministry and its agencies (and in some cases even the state-funded institutions, depending on the legislation).

Until now, the challenge has been to follow up these policies with new concepts, instruments and practices. To some extent the basic management contracts of central government have changed from extensive and complicated documents with myriads of goals and KPIs into simpler and mutually developed documents of a more strategic nature. Non-core activities such as purchases, IT, HR and accounting services have been merged and centralized to a certain extent, both within ministries and in cross-governmental shared service functions. The budget act of 2012 introduced strong sanctions in case of exceeding budget ceilings and led to the centralization of budgetary decisions in many ministries.

Educational institutions

The institutional structure for the self-governing institutions (e.g. educational institutions) are based on decentralised responsibility for educational opportunities and development, as well as pedagogical development. The authority of the ministries in relation to the self-governing institutions is regulated in the legislation regarding the institutions, and as a main rule the ministry is not permitted to demand that these institutions make specific decisions in specific situations. As such the ministry's duty is to approve or revoke institutions, statutes, educational programs, admissions programs, quality reports, grants, budgeting, accounting etc. and conduct necessary supervision of the institutions. The self-governing institutions are managed by a board. The board is accountable to the minister for managing the state subsidies as well as for the overall performance of the tasks within the purpose of the institution. Despite some harmonisation of the institutional structure, there continues to be a fairly large range in the institutions' size, educational profile and academic breadth. In recent years, supervision from government ministries has been somewhat expanded, e.g. by the introduction of strategic management contracts ("rammekontrakter") between the ministries and selected self-governing institutions particularly within higher education. The management contracts have a strategic focus and KPIs between ministry and institutions for a 4-year period.

The sample

The survey studies how top managers in agencies and educational institutions experience how they are steered by central government. The top managers initially received personal emails. The email addresses were collected by the Danish partners in the project yet the first personal invites were sent by the Dutch research team. All responses are anonymous and cannot be related back to individuals. After the first reminder it became clear that a Danish invite for a survey sent from the Netherlands was too readily seen as potential spam. Accordingly, subsequent reminders were sent from Denmark. These reminders were not personalized. The survey was first distributed on June, 10, with subsequent reminders sent on June 17, June 26 and, after the summer holidays, July, 11. All in all, the response rate was high and over 50% in total.

Table 1: Response rates[1]

Response rates	Total Sample	Response rate	Fully completed responses
Agencies	239	57%	79%
Educational Institution	581	50%	73%

Below we provide insight in the sample of respondents focusing on descriptive characteristics of their organizations, some personal background variables and relationships with central government and societal stakeholders.

The organizations

Agency tasks

Agencies in Denmark (and elsewhere) perform a wide variety of tasks, which is relevant in relation to departmental steering. The respondents from agencies in this survey represent this variety and indicated a great number of main tasks performed by their organizations. As is customary in international studies of agencies (Verhoest et al 2016), participants could indicate whether their organizations performed up to three of a selection of generic tasks. The figure below provides an overview of responses. The figure first of all shows that there are four major types of tasks that many agencies in our sample perform. These are policy-related tasks (such as policy advice, policy design and policy evaluation), regulation, inspection & control, tasks in information & communication and, finally, professional public tasks, for instance related to health or education. The figure secondly shows the large variety in tasks performed by agencies.

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[1] The survey consisted of three parts. The first part focused on steering following agency / stewardship theory, the second part offered a conjoint experiment, the third part asked for background variables. In responding, as is common in survey research, some respondents stopped before completion. As the first part of the survey is most important for the purposes of this study, we included those responses that were complete for this first part. This explains the row 'fully completed responses' in the table.

Figure 1: Frequencies of tasks performed by agencies in the survey
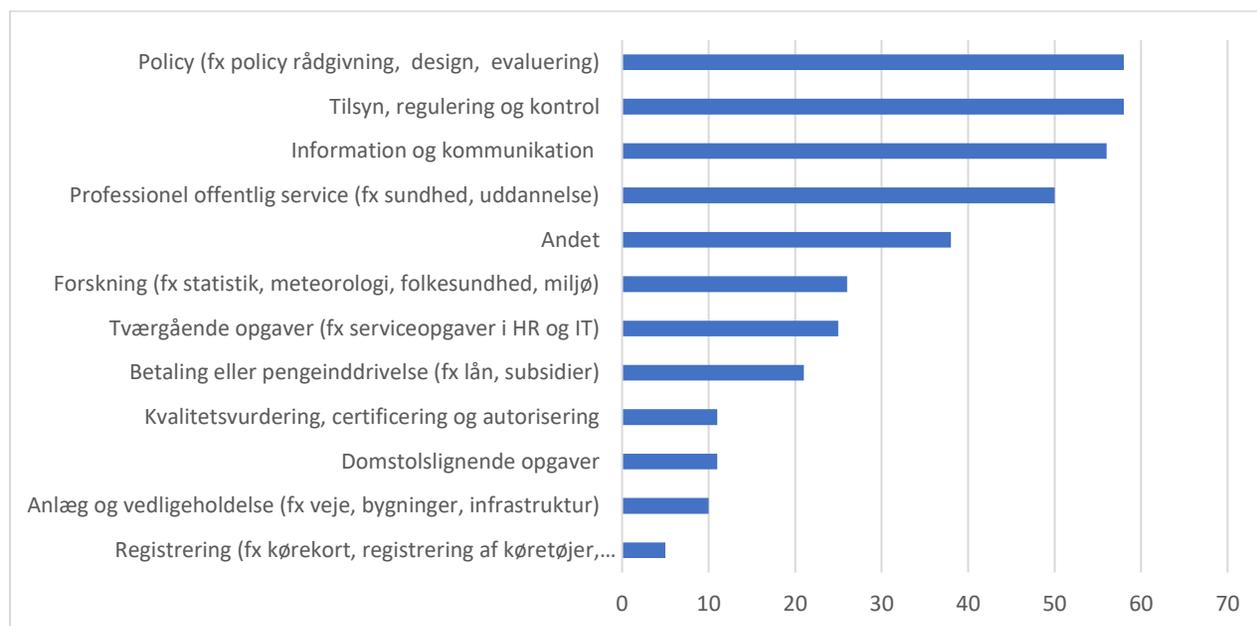
Relevant government departments for agencies

We asked respondents from the agencies to what government department they were most strongly related. The results show that participants are related to 16 different Danish government departments. Not all ministries are represented in the responses. Most responses came from the following departments: Skatteministeriet (15%), Kulturministeriet (14%), Social- og Indenrigsministeriet (11%), Miljø- og Fødevareministeriet (10%), Transport- og Boligministeriet (9%), and Erhvervsministeriet (8%). Also, some respondents did not want to disclose this.

Figure 2: Number of answers from ministries (N=117)

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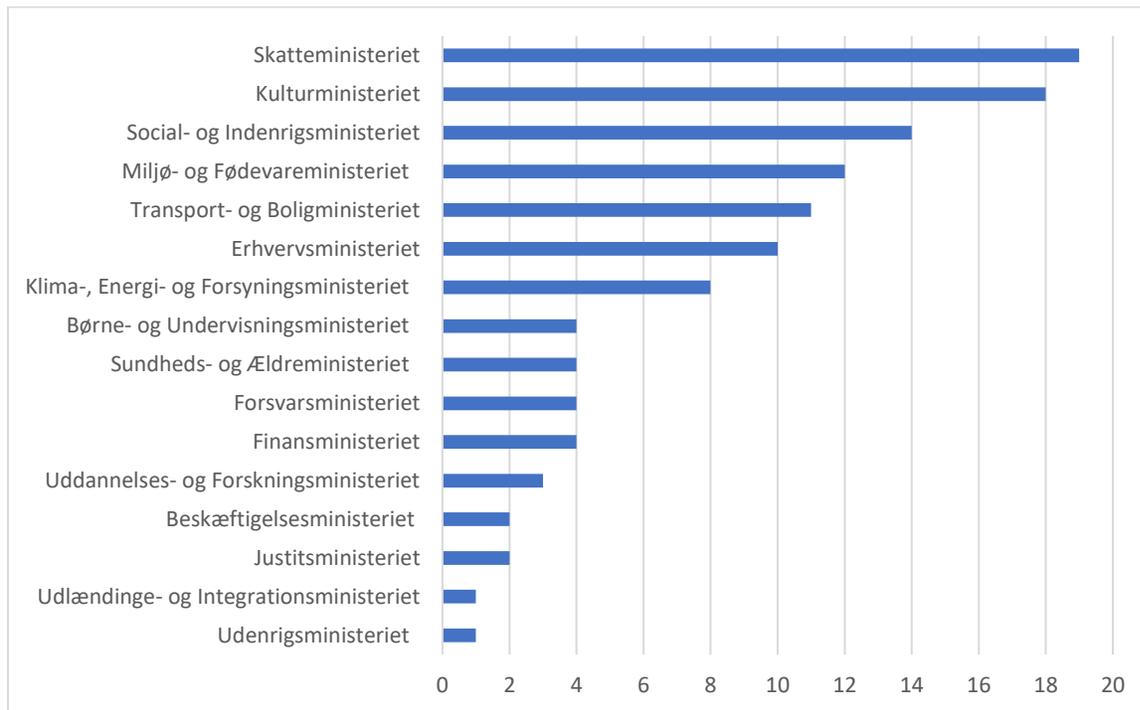
Type of education

The respondents from the educational institutions also represent a broad range of different types. However, responses here are not spread evenly, partially because of differences in total numbers of the different types of educational institutions surveyed. By far most respondents represent 'almengymnasial uddannelsesinstitutioner' (42.8%), followed by 'erhvervsrettede uddannelser' (24.7%), 'voksenuddannelsesinstitutioner' (13.3%) and universities and 'professionshøjskoler' together (8,2 %).

The figure below again provides an overview of the frequencies of responses.

Figure 3: types of educational institutions in the survey (N= 291)
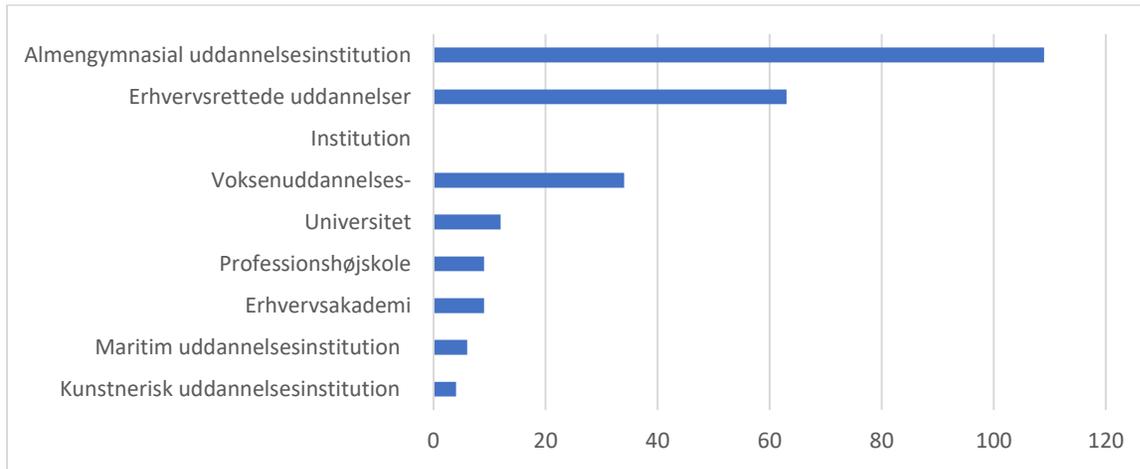
The participants

Below we provide some descriptive background information on the respondents in the survey.

Length of tenure

Most respondents were fairly seasoned in their line of work. On average, respondents had held their positions for 8 years. There was considerable variation here, though, between the agencies (average of 6 years) versus the educational institutions (average of 9 years). Also, there were many differences within those groups, with some respondents having just started their jobs while others had had their position for over twenty years.

Age

In line with the above we see that there is quite some variation in the age of respondents, with respondents from agencies being notably younger on average than respondents from educational institutions. There were considerably more respondents from agencies in their thirties than from educational institutions (36% vs. 25%) while, conversely, there were considerably more respondents from educational institutions in their fifties (26% vs. 13%).

Gender

There were clearly more responses from female than from male respondents, with approximately one third of male respondents and two thirds of female respondents. Amongst the agency respondents, there were relatively some more men while amongst the educational institutions there were relatively more female respondents.

Educational backgrounds

Most respondents have an educational background themselves in social science or humanities. This accounts for almost half of the respondents. A little less than a quarter of respondents have a background in management or economics. A sizable minority of respondents from agencies has a background in law, which is almost absent in the group of respondents from educational institutions. Conversely, these respondents have approximately twice as often an educational background in technical education or science. The figure below provides an overview.

Figure 4: percentage of educational background respondents
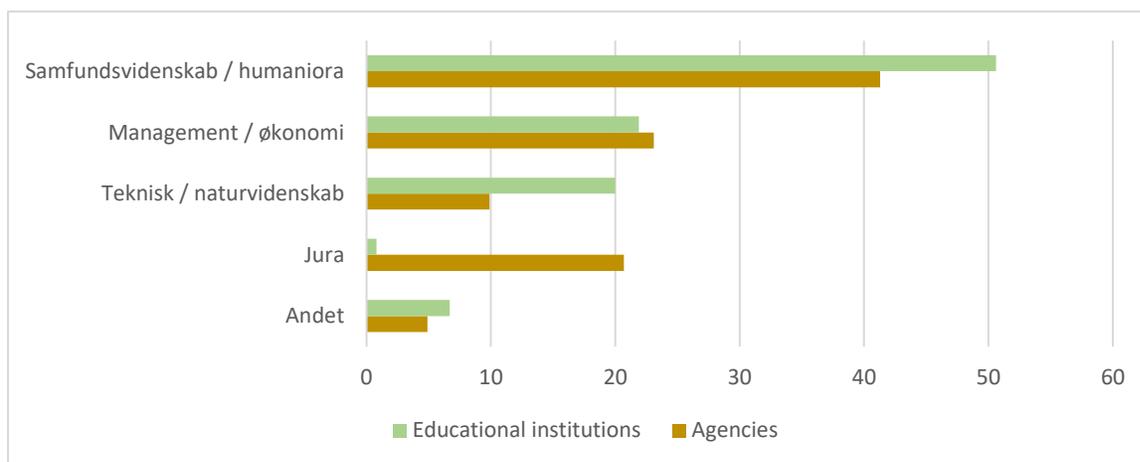
Stakeholder contacts

Most agencies and educational institutions operate in some ways "in between" central government on the one hand, and pupils, students, clients or other societal stakeholders on the other hand. The task of the agency or educational institution has a basis in laws, regulations and policy yet on the other hand those tasks are performed "for" specific individuals, organizations or fields. As this is relevant to governance, we asked participants about their contact patterns with government departments on the one hand and with societal stakeholders on the other hand. Respondents could choose between four quite general options: 'ofte', 'af og til', 'sjaeldent', and 'aldrig'.

On average, respondents have quite frequent contacts with their central government departments. This is, as can be expected, much more so the case for agencies than for educational institutions, as the figure below suggests. The mean responses for educational institutions hover around the 'af og til'-level while average responses from agencies approximate 'ofte'.

Participants were also asked about the frequency of contacts with societal stakeholders. This was much more comparable, and at a slightly higher level, mostly due to the higher frequencies reported by educational institutions. For agency respondents, 'upward' contacts with their ministry and 'outward' contact with societal stakeholders was more or less on par. For respondents from educational institutions, the frequency of contacts with societal stakeholders was considerably higher than contacts with the department. These results make sense, given the different nature of steering relations between the two types of organizations.

Figure 5: Contact frequencies with departments and societal stakeholders
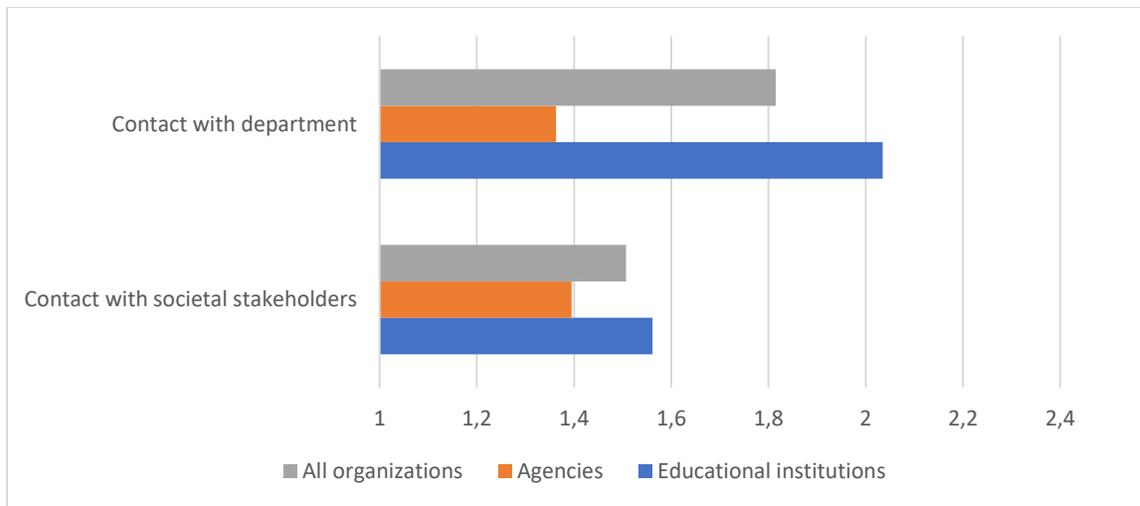
* Note: range of answers: 1 = ofte, 2 = af og til, 3 = sjaeldent, 4 = aldrig

3. Balancing trust and control in theory: stewardship and principal-agent

In this study we contend that a proficient steering relationship must be built on a balance between trust and enabling on the one hand with control and verification on the other hand. Also, we believe that there is no one golden formula to this end and that departmental steering must be fit to specific organizations in specific circumstances. Academic research offers two contrasting theoretical approaches, building either on trust (stewardship theory) or control (principal-agent theory). In this section we will explain both theories relatively shortly and explain the survey instrument that is developed on these theoretical bases to gauge how respondents experience that they are steered.

The control challenge: principal-agent theory

In the academic literature, principal-agent theory has been the central paradigm describing how central governments as principals can steer, monitor or contract out tasks to others, such as agencies and educational institutions[2]. The theory has inspired many policy-makers and its assumptions can be readily found in many policy documents on governmental steering in the past decades. In that sense, this highly abstract theory is simultaneously quite practical and suggests a number of strategies that departments can use when steering 'their' agencies or educational institutions.

Principal-agent theory in its simplest form focuses on the problems that arise when a superior, such as a central government department, delegates a task to an executive, such as an agency or an educational institution. Their relationship is then seen as a series of contracts regulating how the agent (that is, the agency or the educational institution), can provide the services that are "bought" by government departments. The model is predicated on the image of a seller and a buyer of services in the market.

Principal-agent theory is generally concerned with two main problems that may arise in relationships of delegation: 1) conflicting interests between departments and agencies / educational institutions, and 2) how the department can exercise sufficient control. In essence, principal-agent theory focuses on the regulation of conflicting interests between two organizations with (partially) conflicting interests or values. Therefore, principal-agent theory is essentially a theory of conflicting interests. In the relationship, the department as principal is concerned with information asymmetry. The agency or educational institution will have more information about the issue at hand and will also know more about its internal operations than the department can gauge. In addition, as the organization (also) has its own interests, the principal may be concerned with agency drift: the organization may 'drift away' from the terms of agreement set by central government as the principal. The recommendations for steering following from this principally aim to mitigate the potential negative consequences for the principal of the conflicting interests between the two parties.

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[2] This section is based on Schillemans & Bjurstrøm (2019).

To some, this theory might sound overly cynical or shrill. This would certainly by the case, should conflicting interests and struggles for control be the only elements characterizing the relationships between government departments and agencies or educational institutions. However, that would overextend the scope of the theory. The point is not that the conflict of interest is the *only* relevant dimension in the relationship but, rather, that this is the most crucial dimension potentially harming the steering relationship and thus should be a prime subject of attention in devising steering mechanisms.

The trust challenge: stewardship theory

Stewardship theory was first introduced to the management literature by Davis, Schoorman, and Donaldson (1997) as a criticism of the postulated selfishness implied in principal-agent theory. Similar to principal-agent theory, stewardship theory also analyses how to ensure accountability when a task is delegated from a central government department to an agency or educational institution. However, stewardship theory diverges from principal-agent theory in its view on the motivations of agencies and educational institutions and their relations with central government. The theory assumes that stewards are "motivated to act in the best interests of their principals" and prioritize "pro-organizational, collectivistic behaviours" (Davis, Schoorman, and Donaldson 1997: 24). The steward simply wants to be a good and loyal steward to some pro-social cause and will put institutional or organizational goals above immediate self-interest (Donaldson and Davis 1991, 51. See also Block 1993).

The most fundamental distinction between both theories thus lies in their conceptions of the motivation of the main actors in the agencies and educational institutions. Principal-agent theory assumes self-centred actions and extrinsic motivation to be the primary sources of behaviors. Stewardship theory, on the other hand, is based on psychological and sociological analyses of human behavior and assumes that intrinsic motivation and collectivism go a long way to explain behaviors (Van Puyvelde et al. 2012, 437). Stewardship theory is rooted in a self-actualizing perspective of man (Corbetta and Salvato 2004, 356). The steward chooses service above direct self-interest and is driven by the higher needs in Maslow's pyramid, such as self-realization, recognition, achievement, and respect (Davis et al.1997a). Stewards, then, are driven by an intrinsic motivation to fulfil their mission, not by the extrinsic motivation of instructions, rewards or punishment by their principal.

Both theories thus focus on the flip sides of the same coin. Principal-agent theory focuses on the tensions between departments and agencies and educational institutions, deriving from (partially) conflicting interests, and proposes a set of controlling measures to curb their potential negative effects from the perspective of the department. While it is reasonable in administrative reality to see different interests, critics also point out that the remedies – a set of controlling measures – may also have negative effects, particularly on the working partnership and sense of self-governing by the agencies and educational institutions. Stewardship theory therefore focuses on the flip side, on the shared interests, and proposes a set of measures with which central government can help agencies and educational institutions to realize

joint goals. Stewardship theory seeks to understand the qualities of, and conditions for, good stewardship. The theory therefore also changes the perspective on the relationship between the department and the agency and educational institution. Stewardship theory focuses on how to lay the foundations that foster steward-like behaviour. That is: under what conditions will stewardship flourish in agencies and educational institutions?

The survey instrument

While the two perspectives seem contradictory they can be combined in practice. To this end, the two perspectives have been translated into a joint survey instrument (Schillemans & Bjurstrøm 2019) measuring to what extent participants experience the steering relationship to be in line with both perspectives on a number of different items. The table below provides a quick overview which will then be shortly explained.

Table 2: Steering in Principal-Agent and Stewardship theory

Steering dimension	Principal-Agent theory	Stewardship theory
Selection	Mitigating self-interest	Focus on shared interests
Preferences	Performance indicators	Co-produced
Procedures	Detailed boundary conditions	Substantial discretion
Incentives	Material rewards	Professional rewards
Monitoring	Detailed external monitoring	Internal control
Relationship management	Formal	Informal

The left colon of this table describes a set of practical tasks any government department will have to complete if it is to delegate a policy to some agency or educational institution. The first task is to select the best candidate for the job. What organization is best suited? This is in practice a very *theoretical* question, of course, as government departments mostly work with fixed sets of organizations over long periods of time. Still, both organizations need to be somehow aligned. Once the organization is found to perform the task, the department needs to specify its 'preferences'. What does it want to see accomplished and how can this be communicated effectively to the agency or educational institution? Beyond the substantive preferences for the tasks, departments will also have additional procedural requirements which need to be taken into account. The fourth set of practical tasks refers to the instruments with which departments operate the relationship: they may use incentives to stimulate or restrain specific behaviours. They will fifthly use tools for monitoring in order to be able to follow what the agency or educational institution is doing. And, finally, departments will engage more generally in forms of relationship management with 'their' agencies and educational institutions.

The second colon specifies how departments should ideal-typically perform these six steering tasks in the control-centred perspective of principal-agent theory. The focus on the relationship is on the issue of self-interest. Preferences

are ideally formulated in measurable targets and performance indicators. Agencies and educational institutions also have to comply with elaborate and detailed procedural boundary conditions. Material rewards are used to incentivise the organizations. They are required to report in detail to central government. And relations are organized in a formal way.

The table below displays the specific items from the survey that were used in the Danish translation.

Table 3: Steering in line with Principal-Agent theory

Steering dimension	Principal-Agent theory	Danish question
Selection	Mitigating self-interest	Under forhandlinger med departementet/ministeriet har styrelsen/institutionen stor opmærksomhed på egne interesser
Preferences	Performance indicators	Departementet/ministeriet styrer primært underliggende styrelser/institutioner på baggrund af resultatmål fastsat på forhånd
Procedures	Detailed boundary conditions	Departementet/ministeriet fastsætter ret detaljeret, hvordan og inden for hvilke rammer opgaver skal løses
Incentives	Material rewards	Når styrelsen/institutionen gør det godt, er departementet/ministeriet mere tilbøjeligt til at belønne styrelsen/institution, fx bevilge ekstra midler eller involvere styrelsen/institutionen i attraktive arbejdsopgaver, end når styrelsen/institutionen ikke gør det godt
Monitoring	Detailed external monitoring	Styrelsen/institutionen afrapporterer detaljeret til departementet/ministeriet på alle områder, så departementet/ministeriet kan kontrollere, hvad der er blevet gjort i praksis
Relationship management	Formal	I samspillet mellem departementet/ministeriet og styrelsen/institutionen søges uformel kontakt undgået

The third colon in table 2 specified how departments should ideal-typically perform the same six steering functions in the perspective of stewardship theory. The focus then shifts in many ways, from self-interest to shared interests, from material rewards to immaterial, professional rewards, and from formal to informal relationship management. The preferences are then not unilaterally formulated yet produced in unison by ministries and agencies or educational institutions with shared goals. And ministries trust that agencies and educational institutions do a good job, as long as they can show they reach their goals and are in control.

The table below displays how these items were translated to Danish in the survey.

Table 4: Steering in line with Stewardship theory

Steering dimension	Stewardship theory	Danish question
Selection	Focus on shared interests	I praksis har departementet/ministeriet og styrelsen/institutionen samme interesser
Preferences	Co-produced	Departementet/ministeriet og styrelsen/institutionen udvikler relevante resultatmål i fællesskab
Procedures	Substantial discretion	Styrelsen/institutionen har stor indflydelse på, hvordan opgaver skal løses, så længe det skaber resultater
Incentives	Professional rewards	Når departementet/ministeriet er tilfreds med den måde, hvorpå opgaver bliver løst, gør departementet opmærksom på dette over for både styrelsen/institutionen og relevante tredjeparter
Monitoring	Internal control	Departementet/ministeriet har tiltro til, at styrelsen/institutionen sikrer, at opgavevaretagelsen er af høj kvalitet
Relationship management	Informal	Forholdet mellem departementet/ministeriet og styrelsen/institutionen er karakteriseret ved forståelse og respekt for hinandens roller

The survey instrument identified above was used to first ask respondents to what extent they thought a statement would adequately describe the *actual* steering relationship. They were then asked to identify what, in their view, would be the *optimal* form of steering. This allows us to see to what extent the perceived steering is related to both principal-agent steering as well as stewardship steering. In addition, it is then possible to asses to what extent the actual and the optimal situation deviate according to the respondents and, thus, in what directions improvements may possibly be sought.

The theoretical distinctions made above are generic and ideal-typical. They do not describe naturally and literally how departments steer agencies or educational institutions. They do also not include how other steering actors working through departments or directly towards agencies and institutions may affect organizations, such as the State Auditor or accreditation institutions. However, they are helpful in research as they describe how top managers of organizations experience the way they are steered and can help to identify directions in which the steering can be further improved. By using generic questions, theoretically informed yet recognizable to respondents in practice, the perceptions of steering in different institutional contexts can be more readily compared and analysed, beyond relevant yet unique specific characteristics. The next sections will discuss the research results

4. Control in practice: actual and optimal steering on the principal-agent dimension

This section will look at the results of our analyses. It discusses to what extent managers from agencies and educational institutions perceive that departmental steering is and should be related to the control-centred perspective of principal-agent theory. The results show that managers from educational institutions on average perceive steering to be more similar to principal-agent steering than managers from agencies. In the optimal situation, most respondents from both types of organizations agree that this should not be strongly the case and they do not really favour a control-centred form of steering.

Control-centred steering of agencies

In the ideal-typical perspective of principal agent theory, central government departments (as principals) need to find ways to effectively control their agencies and educational institutions. This perspective is informed by the (not irrational) concern that organizations performing public tasks may have (somewhat) different values and goals and central governments' task is to find an effective way to control the agency or educational institution.

The survey contained questions aiming to gauge the perceived actual steering as well as the optimal steering. We first look at the results of the survey for the steering along the lines of principal-agent theory for the Danish agencies. How do the top managers experience the steering? The figure below displays the results at a glance.

Figure 6: actual and optimal control-centred steering of agencies
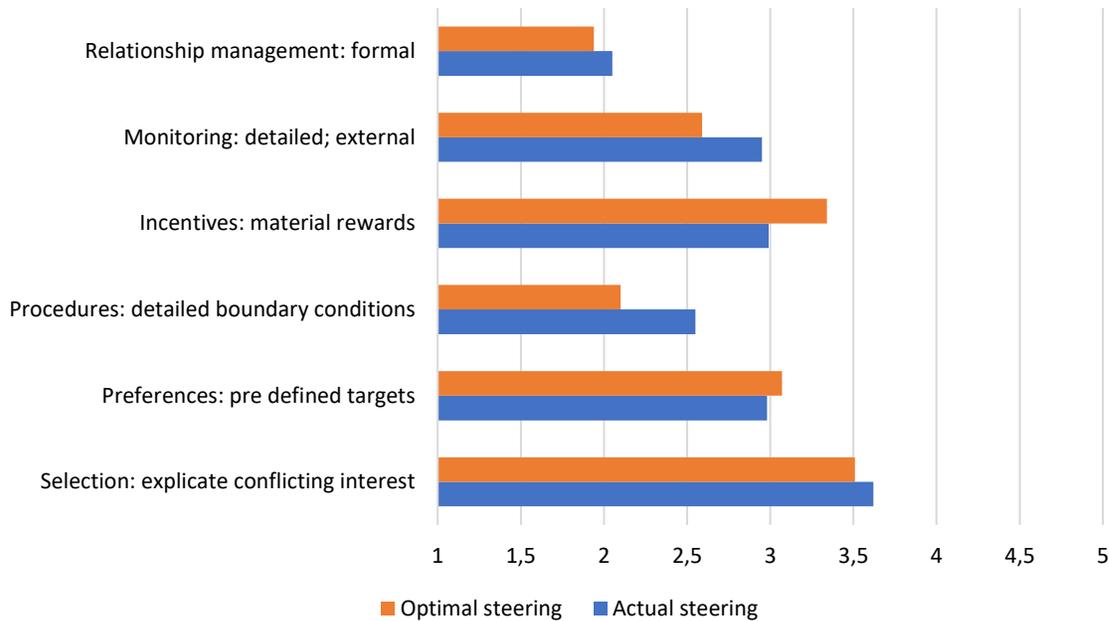
* Note: in this figure, the extremes represent the situation where the steering is fully ('5') or not at all ('1') in line with principal-agent theory. The middle option ('3') stands for a neutral mean response.

In this, and similar subsequent figures, the blue bar represents the mean actual steering and the orange bar the mean optimal steering, according to the respondents. The top of the scale ('5') represents the situation where respondents strongly agree with a statement and, in this case thus, experience a form of steering which is strongly inspired by principal-agent theory. The bottom of the scale ('1') represents the opposite, where respondents on average do not at all experience the steering as related to agency theory.

Actual control-centred steering of agencies

The figure first of all shows that the actual steering is experienced to be not really in line with principal-agent theory as most mean responses approximate the neutral middle. So in general, these results suggest that managers of agencies do not experience a strongly control-centred approach from departments. Simultaneously, the results do neither suggest the absence of a control-focus in departmental steering.

On the one hand, there is only one item where average responses lean stronger towards the controlling principal-agent dimension. These are the responses to the question about protecting self-interests in negotiations between department and agency. Thus, according to the respondents, the (slight) differences in interests between both parties are explicitly

articulated and clarified during negotiations. This is in line with principal-agent theory, claiming that the outcomes will be better when both parties more clearly explicate their interests and focus on potential conflicting interests. Critics in line with stewardship theory would argue that this focus on conflicting interests might make participants lose sight of shared interests, values and the overarching goals.

On the other hand, there are two items where experienced practice deviates more strongly from the ideal typical approach. First of all, agencies do not experience that they have to work within very detailed boundary conditions. this suggests that they may not perceive additional regulations and requirements from departments as constraining forms of red tape. And secondly, and in a much stronger sense, respondents do not see that relationships are managed in a strongly formal way. Taken together, this is suggestive of a relatively informal practice of alignment between department and agency, which is not really similar to the control-perspective derived from principal-agent theory.

All in all, the respondents implicitly indicate that the actual steering is only somewhat in line with the ideal of principal-agent theory, although not in a strong sense and with some important deviations.

Optimal control-centred steering of agencies

In figure 6, the orange bars represent what the respondents from agencies on average perceive as the optimal steering. At a first glance, the relative proximity of both lines in the figure suggests that respondents do not indicate that the optimal steering should differ very strongly from the actual steering. The means for the actual and optimal steering on the six dimensions are not too dissimilar. Having said that, however, there is still a statistically significant difference between the actual and optimal steering on half of the items in the survey.

On two of the items, the optimal steering would be even less controlling according to the results. Both regarding procedural constraints and monitoring, the top managers from agencies indicate that some more leeway for their organizations would be optimal. They would prefer less detailed boundary conditions and less extensive external scrutiny. On these important dimensions, they thus prefer an even less controlling approach from government departments.

On the other hand, regarding incentives for good performance, the respondents indicate that in the optimal situation they would prefer good performance to be somewhat clearly rewarded, for instance with extra resources or attractive tasks. Principal-agent theory suggests that rational actors are motivated by external sanctions and rewards. A recent international study amongst top managers of agencies in seven countries, including Denmark, found strong and positive effects of external sanctions and rewards (Schillemans et al 2020). In the current study, it seems that respondents signal that there may not be clear positive rewards for success in the public sector.

All in all, the optimal steering as 'described' by the participants in this survey is not too different from the actual steering, albeit with some significant yet not massive variations, notably regarding monitoring and boundary conditions as well as the prevalence of rewards for good performance.

Control-centred steering of educational institutions

We now secondly look at the results of the survey for the steering along the lines of principal-agent theory for the Danish educational institutions. Again the questions are: how do the top managers experience the actual steering? And what would they perceive as the optimal steering? The figure below displays the results at a glance. At face value it is immediately clear that, compared to the previous results for agencies, the actual steering is perceived as more controlling while the difference between the actual and optimal steering is also more pronounced.

Figure 7: actual and optimal control-centred steering of educational institutions
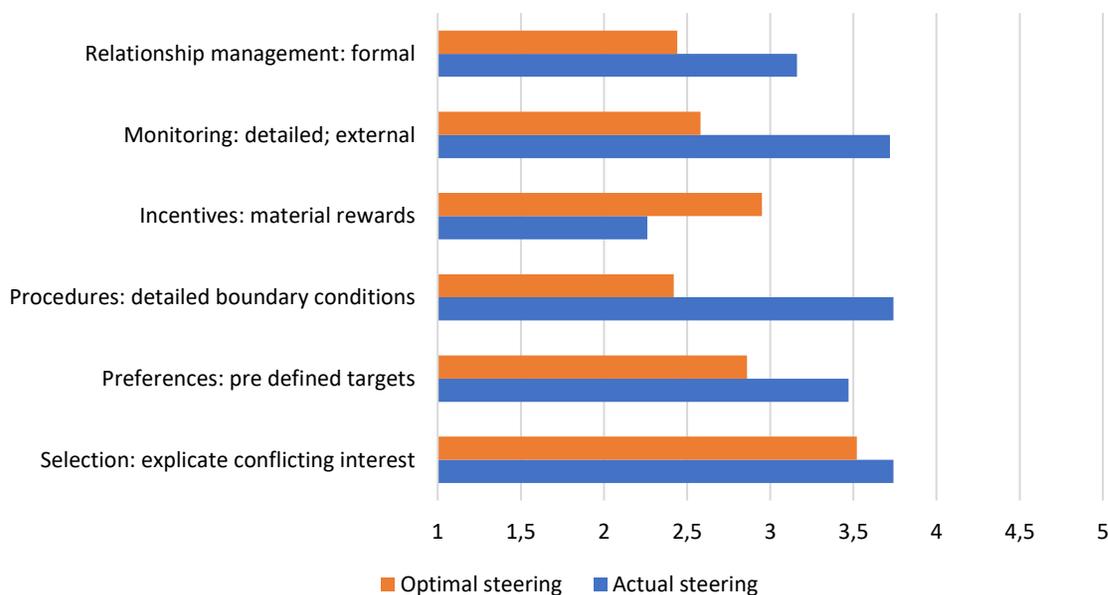
* Note: in this figure, the extremes represent the situation where the steering is fully ('5') or not at all ('1') in line with principal-agent theory. The middle option ('3') stands for a neutral mean response.

Actual control-centred steering of educational institutions

The figure with the results first of all shows that the actual steering is experienced to be somewhat more in line with principal-agent theory than it was for the actual steering of agencies. With one exception, all mean values lean more towards the controlling extreme of the spectre. This does not necessarily mean that the steering of educational institutions *is* more controlling yet it is *perceived* to be more strongly so.

On three items in particular, responses gravitate more towards the principal-agent perspective. Particularly when it comes to negotiations, procedural constraints and monitoring and reporting, the actual steering is perceived to be more in line with the control approach propagated by principal-agent theory. It is interesting to note that, although the responses differ clearly from those of agencies, these identify the same 'areas of concern' as the agency managers did.

There is one very clear exception and this regards material rewards in the form of tasks or budgets. Managers do not really perceive that good performance is rewarded in these ways. It seems there are no real rewards available, as was also the case for agency managers. This seems in line with the Weberian notion of bureaucracy in which duty and responsibility are stressed as appropriate drivers of behavior. It does however single a disparity: there are sanctions available in case of 'failure' yet little rewards available in case of 'success'.

All in all, the steering of educational institutions is perceived to be somewhat more in line with the ideal of principal-agent theory than the steering of agencies and is perceived as more controlling.

Optimal control-centred steering of educational institutions

As mentioned above, in figure 7 the actual and optimal steering situations deviate considerably. Even though this may not be visually apparent on all items, the difference between the actual and optimal steering is statistically significant on all of them. This suggests that, in the perceptions of our respondents, the experienced actual steering is by no means optimal and should – assuming that the optimal situation is indeed desirable – be adjusted on all surveyed dimensions, according to these results.

Overall, the biggest discrepancies are perceived to exist regarding operational constraints and monitoring. If we translate this to ordinary parlance, it seems the educational managers feel they have to cope with too much red tape and too detailed reporting requirements. This is in line with responses from the agency managers, although the discrepancies between the optimal and the actual steering are much bigger for educational institutions.

There is only exception and this regards incentives. Responses suggest that good performance is currently not rewarded materially while this would be appreciated by respondents. The same conclusion was already mentioned for agency managers.

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It is further interesting to note that the optimal steering, as described by the educational respondents, is fairly reminiscent of the optimal steering as described by agency-respondents. On two items the means are almost exactly the same while the overarching pattern is also quite similar. All in all, thus, the optimal steering of agencies and educational institutions seems relatively similar and deviates from a control-centred approach, although not fundamentally. It would be a difference in *degree* rather than a difference in *kind*.

Control-centred steering: differences between organizations

So far we have sketched an overarching view of the perceived steering of agencies and educational institutions with a simple focus on differences between the two types of organizations. These differences are also the by far most important differences between organizations found in our survey. However, we can further dissect the findings by focusing on different educational institutions and agencies working for different government departments. Below we revisit the analyses above and focus on the agencies from the departments with most response and on the most prevalent educational institutions. This does not change the narrative so far but gives an impressions of some further variations beneath the surface.

Agencies

As discussed earlier, the respondents from agencies work for a large number of government departments. We looked specifically at the three ministries with most responses. Still these represent only very small numbers, with the Skatteministeriet (N=19), Kulturministeriet (N=18) and Social and Indenrigsministeriet (N=13). We see some differences between these ministries as to how they are perceived to steer. Yet these should be read with extreme care, given the small numbers on which this is based.

For the **Skatteministeriet**, three items stand out, compared to the other ministries, regarding the actual steering. On the one hand, respondents working for the Skatteministeriet do perceive that conflicting interests are relatively less important during negotiations than respondents working for the other ministries. Also, they do perceive to a lesser degree that pre-defined targets are crucial in the steering relationship. In that sense, the Skatteministeriet is seen to steer even less strongly in accordance with the control-centred approach. However, the Skatteministeriet is perceived to be more detailed and diligent in external monitoring than other ministries.

Further, regarding the optimal steering, again two items stand out. These are the same as earlier: Both regarding the explication of conflicting interests during negotiations as well as steering on the basis of targets. Again the respondents suggest this should be relatively lower in the optimal situation.

In this small sample, **Kulturministeriet** seems to be an almost natural counterpart to the Skatteministeriet. The Kulturministeriet also scores relatively lower on two items, albeit two different ones. The means for external monitoring and the use of material rewards are relatively low compared to the other ministries. Simultaneously, relationship management is seen as relatively more formal. This suggests to us as non-Danish researchers that *Kulturministeriet* is perceived to be more distant from the agencies than the other ministries, while the Skatteministeriet may be perceived to be much 'closer'.

The responses from agencies working for the **Social and indenrigsministeriet** are fairly average on all items in the actual situation. However, for the optimal situation, it seems that these respondents have an even somewhat stronger preference for trust-based steering than other responses. The differences are small and the number of responses is also limited. However, on four out of six items the means for the optimal situation for the Social and Indenrigsministeriet are clearly above the average.

The three simplified figures below show the minor differences for the agencies in how they perceive to be steered and would optimally like to be steered.

Figure 8: Control-centred steering: Skatteministeriet
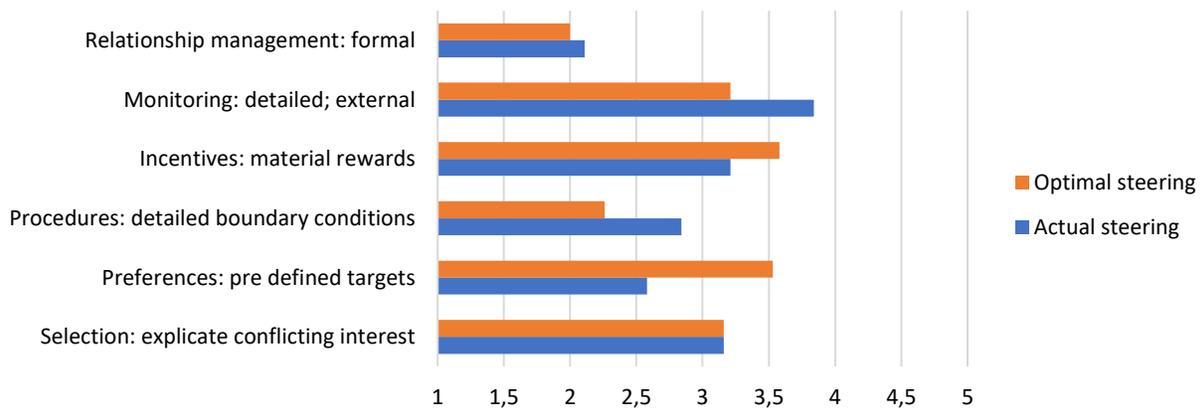
Figure 9: Control-centred steering Kulturministeriet
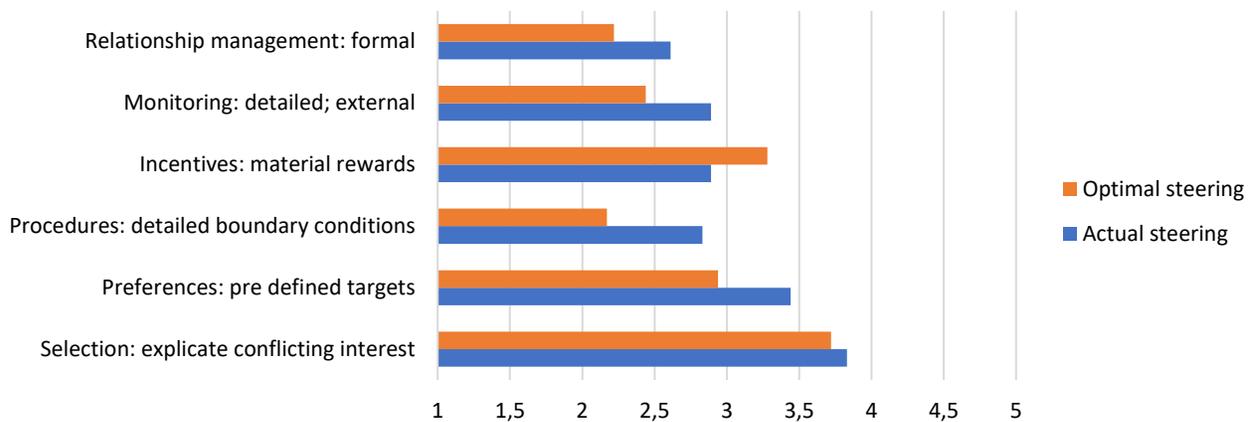
Figure 10: Control-centred steering: Social- og Indenrigsministeriet
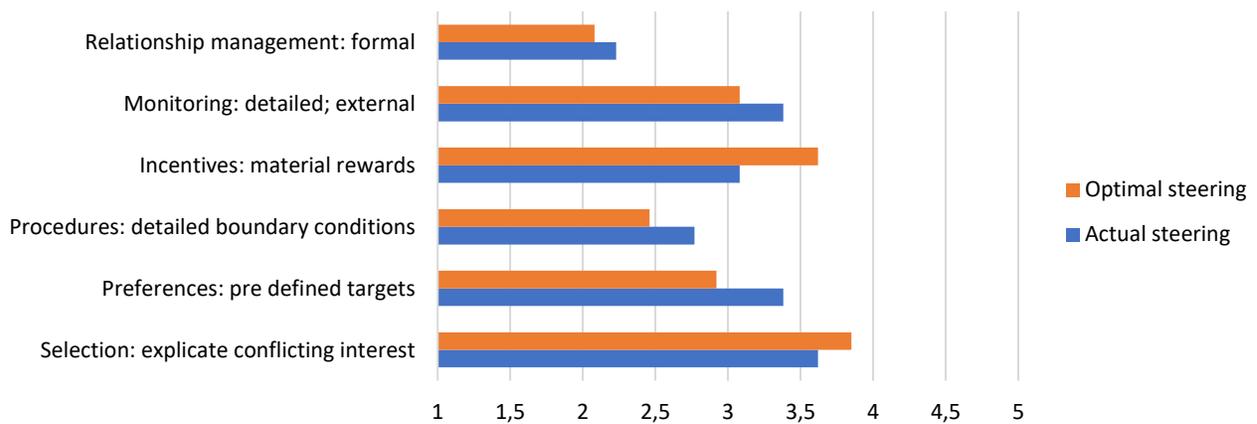
Educational institutions

We now turn to the biggest group of educational institutions for the same analysis of how they may differ from the means on specific items. Now the numbers to work with are bigger, as the major types of educational institutions are more numerous in our sample. We look at the Almengymnasial uddannelsesinstitutioner (N=108), the Erhvervsrettede uddannelser (N=61), Voksenuddannelsesinstitutioner (N=32), and higher education (Universities, Professionshøjskoler, Erhvervsakademier, Kunsteriske Uddannelser, and Maritime uddannelser [N=38]). We again see some small differences for the various organizations. However, those differences are – although based on larger numbers – smaller than for the agencies. In that sense, the overall patterns for the educational institutions are clearly stronger and more informative than the small differences found here.

The **Almengymnasial uddannelsesinstitutioner** are fairly close to the average impression on most items, which is not a surprise given the relative large number of responses from those educational institutions. Compared to the other bigger clusters, they score a little lower on fair number of items. The differences are not significant and strong, yet it would seem overall that both the perceived and optimal steering on the control-dimension of principal-agent theory is a little lower than for the other educational institutions. But, again, the differences are really small and must be interpreted with great care.

The responses from the **Erhvervsrettede uddannelser** are also comparable to the overall average. However, compared to the other bigger groups the responses from the Erhvervsrettede uddannelser tilt a little towards extreme of principal agent-steering. This suggests these organizations find central government to be a little more controlling than other organizations. This is also not in line with what these respondents see as the optimal situation.

The **Voksenuddannelsesinstitutioner** do hardly stand out on any of the items. There is only one item where they may deviate from the average of educational institutions: relationship management. For these organizations, the optimal steering practice would on average be even less formal than what the others envisage. Again, it is a small difference that should be interpreted carefully, yet it is the own item where Voksenuddannelsesinstitutioner seem a little different from the others.

The combined responses from the five types of **Higher Education institutions** (Universities, Professionshøjskoler, Erhvervsakademier, Kunsteriske Uddannelser and Maritime uddannelser) should be interpreted carefully given the smaller number of responses (N=38). The steering is experienced even stronger than elsewhere to be somewhat controlling regarding monitoring and the explication of conflicting interests. Compared to the others, relations management appears to be a little bit less formal. Overall the patterns seem comparable to the other educational institutions, although there may be minor variations.

The four simplified figures below show the minor differences for the largest clusters of organizations in how they perceive to be steered and would optimally like to be steered.

Figure 11: Control-centred steering: Almengymnasial uddannelsesinstitution

Relationship management: formal
Monitoring: detailed; external
Incentives: material rewards
Procedures: detailed boundary conditions
Preferences: pre defined targets
Selection: explicate conflicting interest

■ Optimal steering
■ Actual steering

1   1,5   2   2,5   3   3,5   4   4,5   5
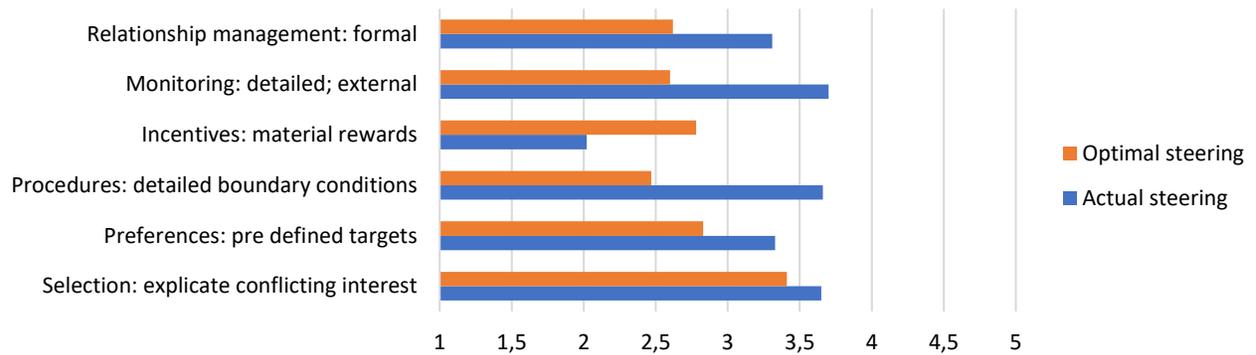
Figure 12: Control-centred steering: Erhvervsrettede uddannelser

Relationship management: formal
Monitoring: detailed; external
Incentives: material rewards
Procedures: detailed boundary conditions
Preferences: pre defined targets
Selection: explicate conflicting interest

■ Optimal steering
■ Actual steering

1   1,5   2   2,5   3   3,5   4   4,5   5
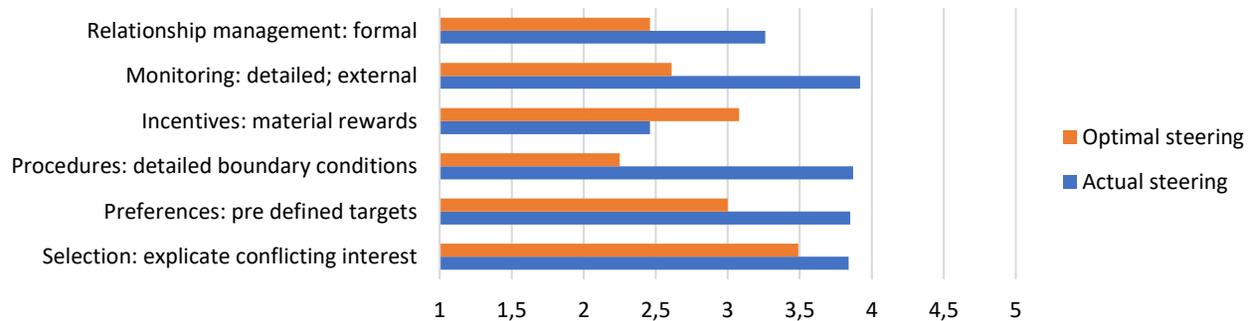
Figure 13: Control-centred steering: Voksenuddannelsesinstitution

Relationship management: formal
Monitoring: detailed; external
Incentives: material rewards
Procedures: detailed boundary conditions
Preferences: pre defined targets
Selection: explicate conflicting interest

■ Optimal steering
■ Actual steering

1   1,5   2   2,5   3   3,5   4   4,5   5
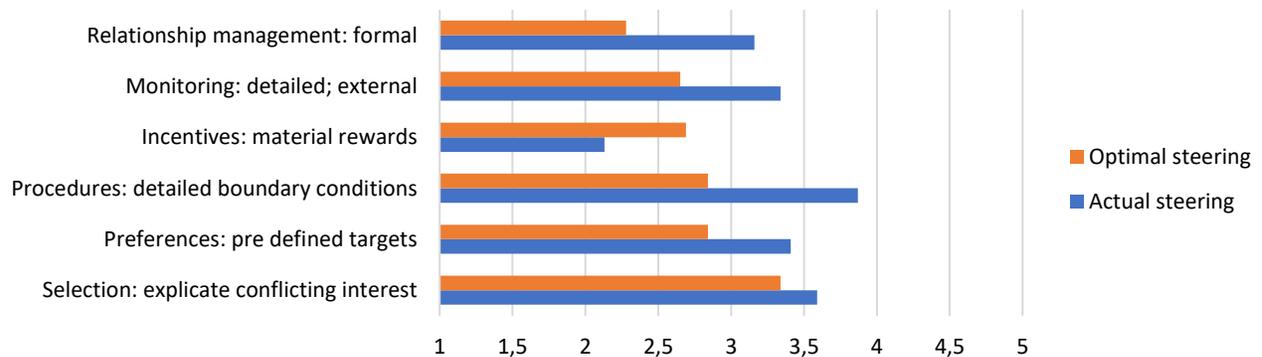
Figure 14: Control-centred steering: Higher Education
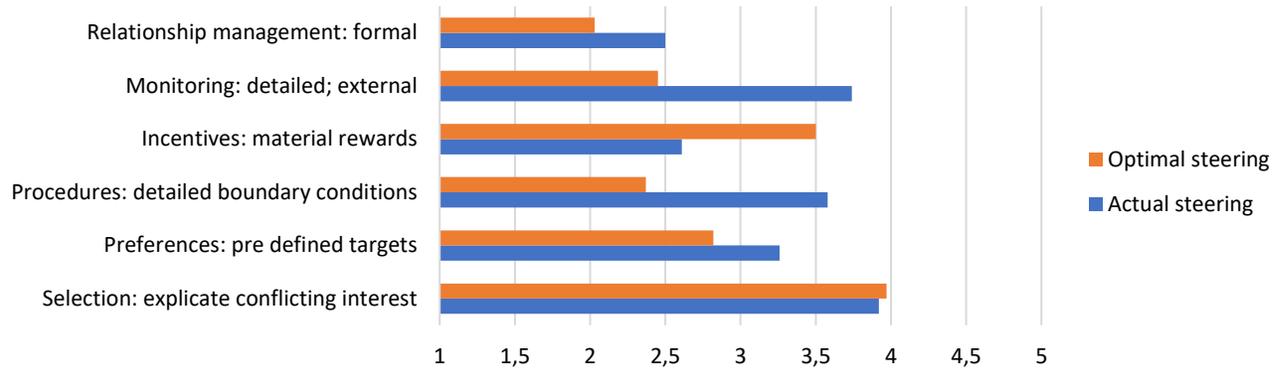
5. Trust in practice: actual and optimal steering on the stewardship dimension

*This section discusses to what extent managers from agencies and educational institutions perceive that departmental steering is and should be related to the trust-centred perspective of stewardship theory. The results show that managers from agencies on average perceive steering to be more similar to stewardship-steering than managers from educational institutions. In the optimal situation, most respondents subscribe to an approach in line with recommendations derived from stewardship theory.*

Trust-centred steering of agencies

We turn to the second perspective of stewardship theory aiming to operationalize a trust-centred approach in a more hands-on fashion than simply hoping one can trust the other. In the ideal-typical perspective of stewardship theory, central government departments (as principals) need to find ways to strike an effective partnership with agencies and educational institutions. This perspective is informed by the realistic assumption that organizations performing public tasks are (also) intrinsically motivated to do a good job and to produce public value. Stewardship theory does not start from the problem of conflicting interests but from the opportunity of a common cause. The role of departmental steering is then not to control agencies but to develop enabling forms of governance that stimulate steward-like behaviour in agencies and institutions.

We again first look at the results of the survey for steering along the lines of stewardship theory for the Danish agencies. How do the top managers experience the steering? And what would it look like in the optimal situation? The figure below displays the results at a glance.

Figure 15: actual and optimal trust-centred steering of agencies
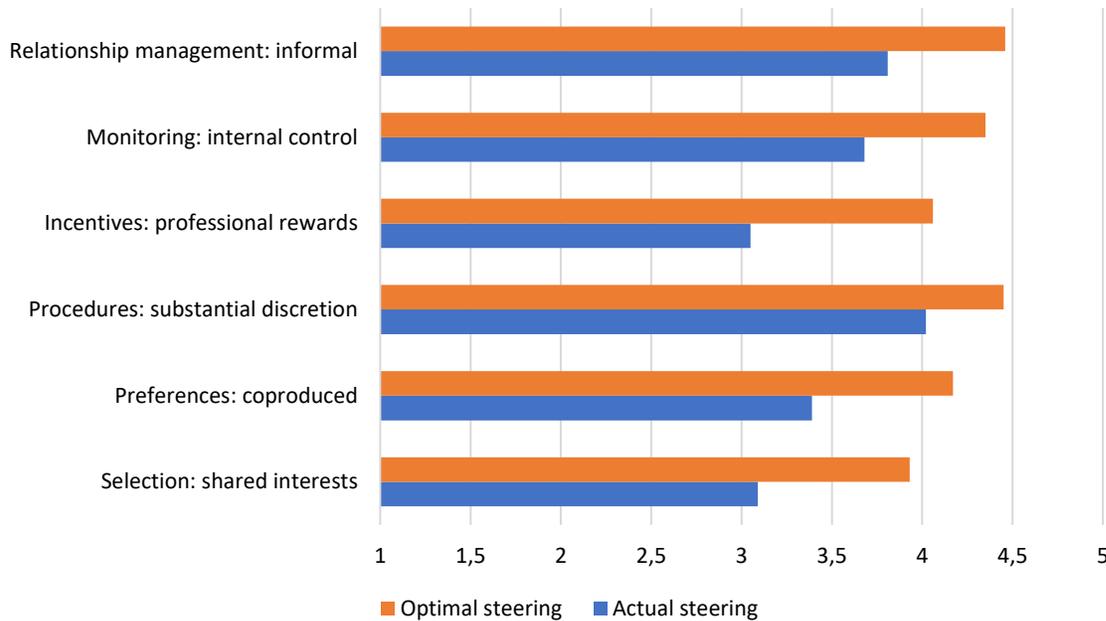
* Note: in this figure, the extremes represent the situation where the steering is fully ('5') or not at all ('1') in line with stewardship theory. The middle option ('3') stands for a neutral mean response.

Actual trust-centred steering of agencies

The blue bars in the figure above first of all show that agency managers already experience departmental steering as leaning slightly towards ideas from stewardship theory. All mean responses are somewhat above the neutral middle. This also suggests that actual steering practices seem somewhat more related to stewardship theory than to principal-agent theory, although still to a limited degree.

On half of the items, the described steering patterns are most strongly akin to stewardship. This first of all regards relationship management, in which informal forms of alignment are said to dominate. This secondly relates to the development of preferences or goals which are more or less seen to be coproduced and not as handed down along the lines of hierarchy. And thirdly this regards the process of monitoring, in which departments are seen to rely to some extent on the internal monitoring measures of the agencies, as long as they deliver expected results.

In contrast to earlier, when discussing principal-agent theory, there are no exceptions to the general pattern described. All responses lean, even if only with the tiniest margin possible, towards the extreme of stewardship. All in all, then, the overarching steering pattern is best typified as 'moderately akin to stewardship' or perhaps as a 'weak form' of stewardship steering.

Optimal trust-centred steering of agencies

The orange bars in figure 15 show the optimal steering as 'described' by the agency managers in our study. Even at a cursory glance the figure relates a simple message: the optimal situation would be much closer to the ideal of stewardship than the actual situation. Even though respondents already experience that they are governed to some extent in line with stewardship theory, their preferred optimal solution would lean even more strongly in that direction.

There are no exceptions to this pattern. On all items a more trust-centred approach is welcomed. And the differences between the actual and the optimal steering are statistically significant for all items.

The by far strongest discrepancy between the actual and the optimal situation revolves around professional incentives for good performance. The survey item used focuses on verbal praise for good performance, both vis-à-vis the agency but also to external parties. In the optimal situation government departments would need to do this much more frequently than they are perceived to do at present. In a sense this is a 'cheap solution' and departments would simply have to adjust some of their communication. However, in a political context and in a Weberian setting there may be barriers that inhibit departments from issuing such value-laden statements. Be that as it may, stewardship theory would suggest that intrinsically motivated individuals in a sense need professional esteem and rewards and that verbal praise for good performance could be an important part of the glue connecting agencies to their departments.

More fundamentally, respondents all in all suggest that the optimal steering would be much more closely related to the ideal-typical model from stewardship theory which is already not dissimilar from the actual steering perceived.

Trust-centred steering of educational institutions

We finally turn to the perceived steering of educational institutions along the stewardship-dimension. The figure below provides a visualization of the responses by the top managers identifying again, and now for the last time, how they rank both on the perceived actual and the optimal steering, according to our respondents.

Figure 16: actual and optimal trust-centred steering of educational institutions
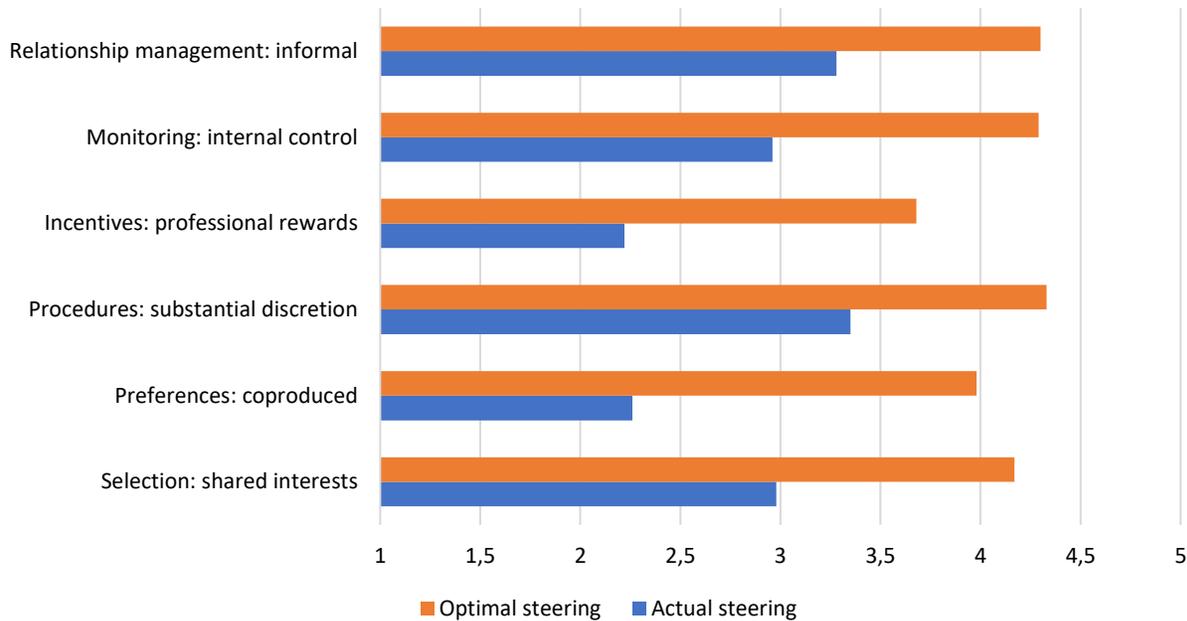
* Note: in this figure, the extremes represent the situation where the steering is fully ('5') or not at all ('1') in line with stewardship theory. The middle option ('3') stands for a neutral mean response.

Actual trust-centred steering of educational institutions

The figure above may seem similar to the figure displayed for agencies. Beneath the apparent similarity, it is however different in important ways.

To begin with, the mean response on all variables for the actual situation is almost a perfectly neutral '3'; suggesting a more or less neutral response regarding the perceived actual steering. On some of the dimensions it leans a little bit more towards stewardship while on some of the others it does not. In contrast to the responses from agency managers, the educational managers then sketch a more neutral picture of the actual steering on the stewardship dimension.

Further, on one dimension the managers did explicitly *not* see a form of stewardship steering, and this was with regard to the 'production' of goals. There was, in contrast to the responses from agencies, no strong sense of coproduction of preferences. This suggests that central government is here perceived to act more as a classical hierarchical principal, laying down demands. Also, but this is comparable to the responses from agency managers, departments are perceived not to give verbal praise for good performance.

All in all, while the perceived steering was overall somewhat in line with stewardship theory, according to managers of agencies, this is less so the case for educational managers. They take a more agnostic stance, signalling overall that the approach they experience is neither clearly related or unrelated to a trust-centred approach.

Optimal trust-centred steering of educational institutions

The blue and orange bars in figure 16 are clearly dissimilar, with the orange bars – representing the optimal steering – clearly much farther to the right, towards the pole of stewardship on our continuum. The figure thus clearly suggests that the actual and optimal situation are quite different. Those differences are statistically significant on all items. And, as with the agencies, the perceived optimal steering would be much closer to the stewardship pole on all dimensions of steering surveyed. And, interestingly, the overall optimal steering – as expressed in artificial numbers in our survey – is really very similar on almost all dimensions to what we saw for the agencies.

There is only one dimension where the optimal situation differs strongly between agencies and educational institutions. This regards incentives. While for agency managers professional rewards such as verbal praise would be highly welcomed this is less so the case for the managers of educational institutions. An explanation for this difference might be that central government simply operates somewhat further away from educational institutions – as we can see when we look at contact patterns – and that this type of positive reward from one's principal is less important, as it is a much more distant principal (and there may be other principals). Having said that, the difference between the actual and optimal situation for verbal praise as an incentive is large and significant, also for educational managers.

The major gap between the actual and the optimal situation revolves around the 'production' of targets. We interpret the results to mean that agency managers would want to be more directly involved and to coproduce 'preferences', rather than experience that these are handed down more unilaterally.

Trust-centred steering: differences between organizations

As in the previous section on control-centred steering, we again end with a focus on the small differences between the biggest cluster of organizations. We will again see some minor differences. But, and in a much stronger sense than earlier, the overall results for clusters of organizations are almost a carbon copy of the overarching results. In all clusters it is suggested that a strengthened stewardship approach would be optimal, according to our respondents in this survey.

Agencies

The **Skatteministeriet** stands out by a slightly stronger – but not statistically significant – difference between the actual and the optimal steering according to stewardship theory. The perceived optimal steering is comparable to what respondents on average report for the other agencies. The actual steering on this dimensions is a little bit lower on several items than for the other agencies. This difference must be interpreted with some care, given the small differences and low number of responses, but it may be of some relevance to acknowledge.

For the agencies working for the **Kulturministeriet** there is fairly little that stands out. There is only one item where responses differ somewhat: the perceived level of informality in steering which is higher than for the others.

Finally, for the small group of respondents from the **Social- og Indenrigsministeriet**, also just one item seems to deviate. Respondents suggest that this department much more readily relies on their internal control systems than the other departments are perceived to do.

Having said this, the overarching impression is not one of minor differences for departments but one of relatively strong comparability. The actual steering of all ministries gravitates towards the pole of stewardship and it is perceived to be optimal to do this even more strongly.

The three simplified figures below show the minor differences for the largest clusters of organizations in how they perceive to be steered and would optimally like to be steered.

Figure 17: Trust-centred steering: Skatteministeriet
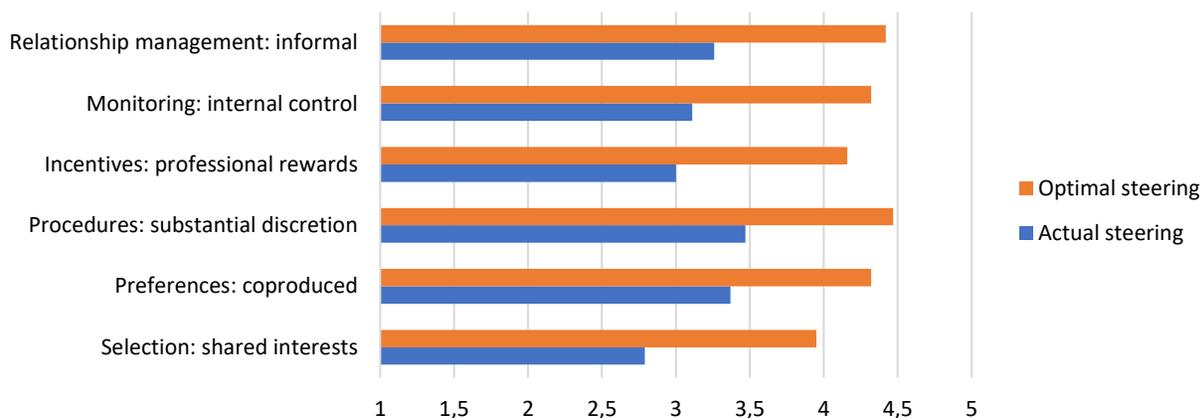
Figure 18: Trust-centred steering: Kulturministeriet
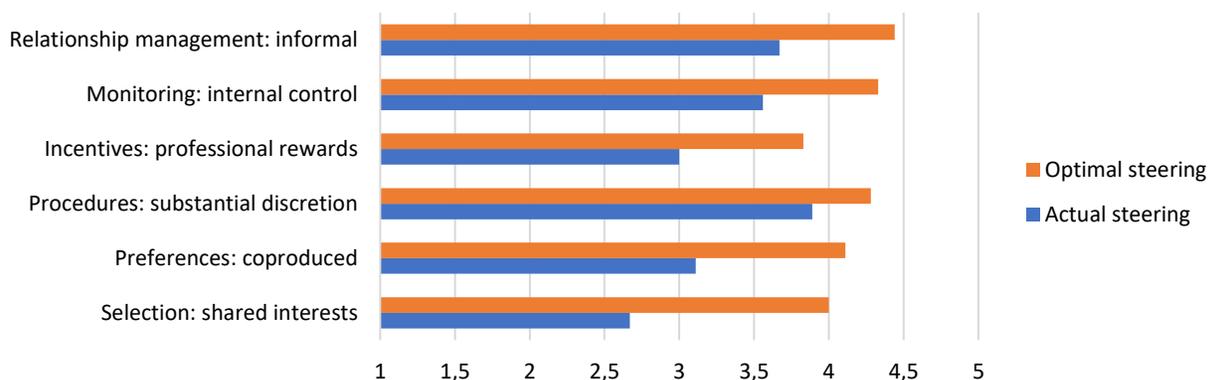
Figure 19: Trust-centred steering: Social- og Indenrigsministeriet
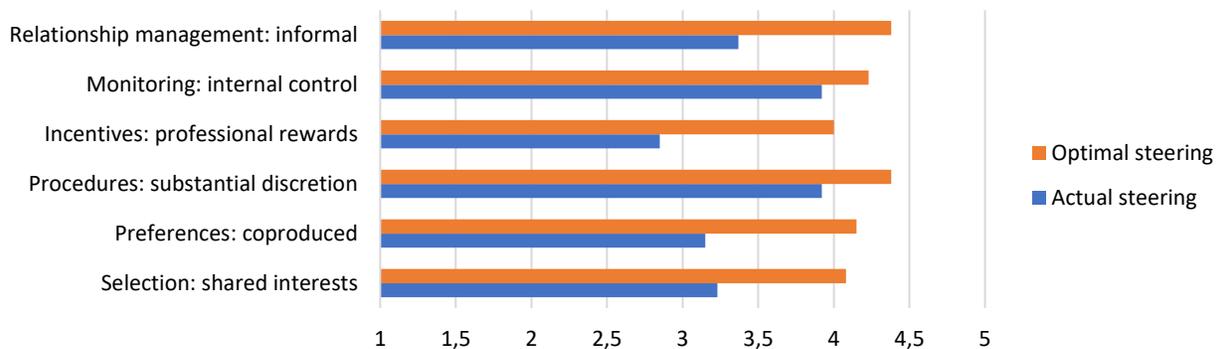
Educational institutions

The trust-based approach in stewardship theory is endorsed by the respondents from **Almengymnasial uddannelsesinstitutioner**, yet to a slightly lesser degree than by the other respondents. The differences are small yet on several of the items the perceived steering ranks a littler lower on average than for the other bigger clusters. This notably relates to the perceived actual use of professional rewards, the optimal level of shared interests and the desirability of the coproduction of goals. As all the others, these respondents would favour a steering approach modelled on stewardship theory, yet they are somewhat less pronounced than the others.

In contrast to the above, the respondents from **Erhvervsrettede uddannelser** would even more strongly than others hail a stewardship-inspired steering approach. The differences are small, yet for many of the items on the optimal situation the mean responses are relatively high. Simultaneously, these respondents recognize this approach a little less in the actual steering approach. This also implies that the gap between the actual and the optimal trust-based steering is a little higher for these organizations than it already is for all educational institutions.

The mean responses for **Voksenuddannelsesinstitutioner** are not particularly eye-catching on most items. However, one item they suggest a different pattern. For most organization, the distance between the optimal and actual steering regarding the reliance on internal control systems of the organizations is quite wide. Ministeries are perceived to have relatively little trust in the organizations' internal monitoring which they would strongly do in the ideal situation. This is different for the Voksenuddannelsesinstitutioner where the actual reliance on internal monitoring is much closer to the perceived optimal.

The mean responses for the various **Higher Education institutions** combined are comparable to the others for the optimal steering yet differ a little bit for actual steering. Here it seems on average that actual steering is closer to the

ideal of stewardship theory then for the other educational institutions. This must be interpreted with some care, given the smaller N of this group compared to the larger groups (N=38).

The four simplified figures below show the minor differences for the largest clusters of organizations in how they perceive to be steered and would optimally like to be steered.

Figure 20: Trust-centred steering: Almengymnasial uddannelsesinstitution
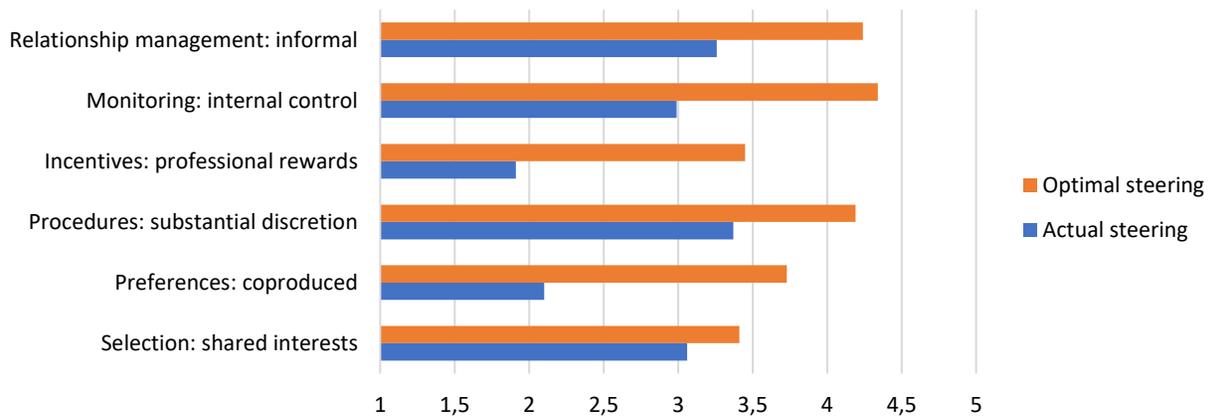
Figure 21: Trust-centred steering: Erhvervsrettede uddannelser
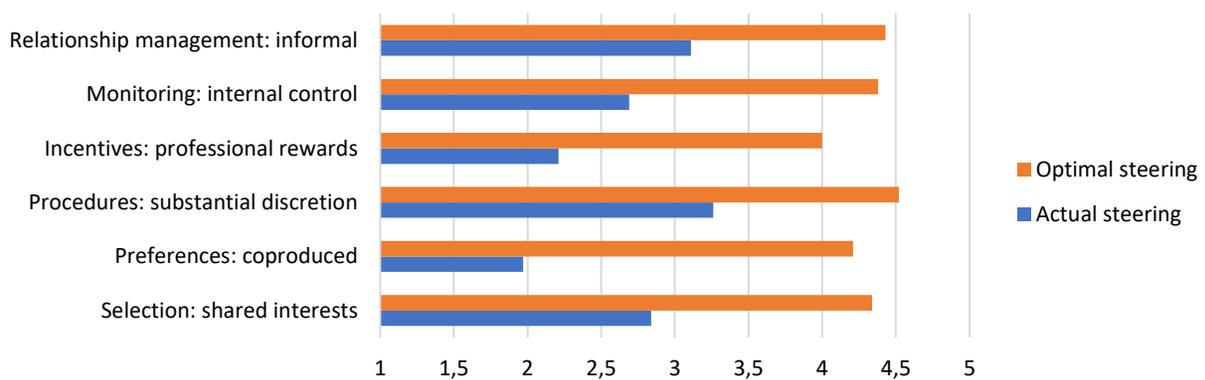
Figure 22: Trust-centred steering: Voksenuddannelsesinstitution

Relationship management: informal
Monitoring: internal control
Incentives: professional rewards
Procedures: substantial discretion
Preferences: coproduced
Selection: shared interests

■ Optimal steering
■ Actual steering
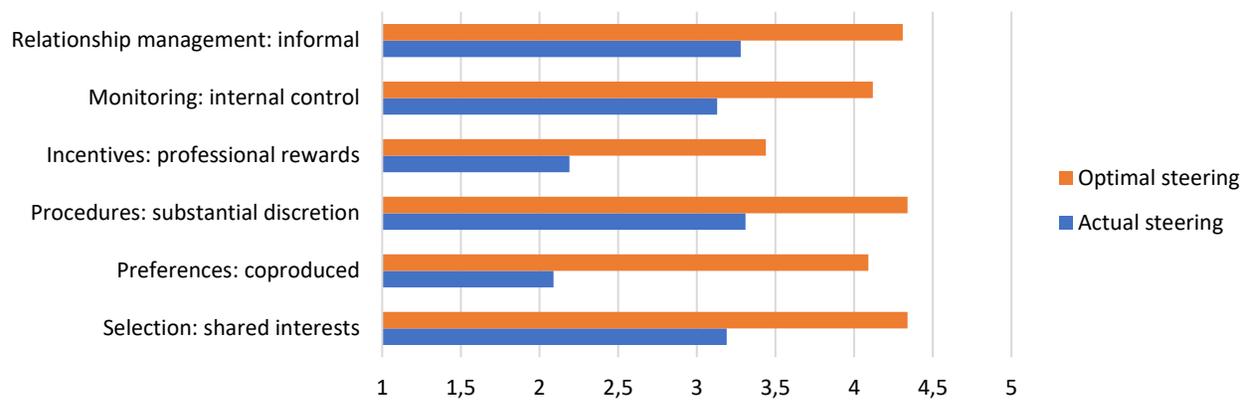
Figure 23: Trust-centred steering: Higher Education

Relationship management: informal
Monitoring: internal control
Incentives: professional rewards
Procedures: substantial discretion
Preferences: coproduced
Selection: shared interests

■ Optimal steering
■ Actual steering
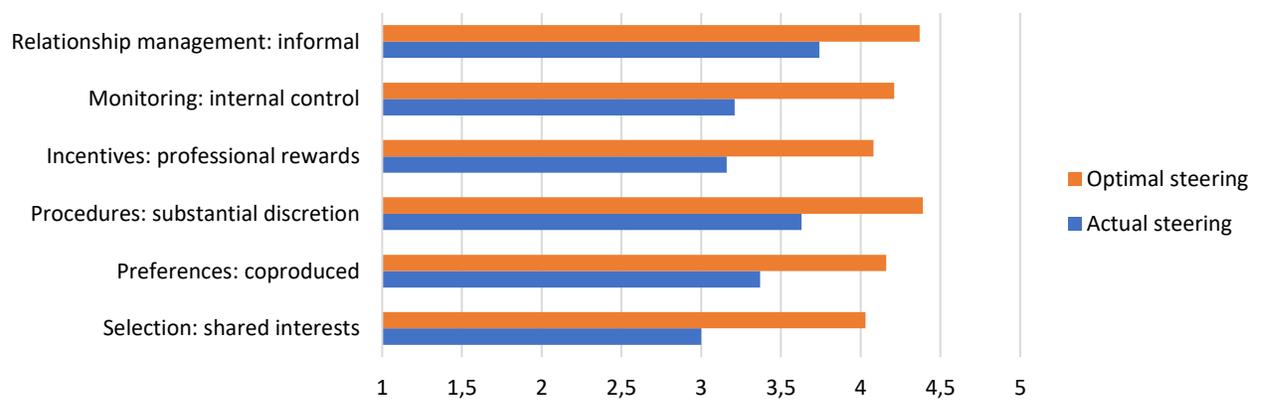
6. Satisfaction and steering

This section will do three things. First it analyses to wat extent the surveyed managers seem satisfied with the perceived steering. We do so by more thoroughly analysing the differences between the perceived actual and optimal steering developing a dissatisfaction index. This analysis will provide further testimony that the agency managers seem more satisfied with departmental steering than educational managers, although there is still some room for further improvement. We then secondly analyse under what steering conditions dissatisfaction is minimal – or satisfaction maximal. The results are almost the same for agencies and educational institutions and underscore, very generally, that respondents would by and large prefer a strengthened stewardship approach. Finally, in the closing discussion the results are carefully compared to international examples.

Dissatisfaction-index

The results so far show that actual and optimal steering according to respondents may deviate considerably for the different dimensions and types of organizations. This suggests that respondents are to varying degrees satisfied with the steering they experience. What does this mean for the two generic types of steering in relation to the manager's satisfaction as one (out of many!) of the salient criteria to assess the steering? And also, under what conditions are our respondents more satisfied? This is relevant, as this may point to directions in which central steering can be further improved.

We calculated a dissatisfaction-index for all respondents. The dissatisfaction index measures the average gap between the actual and the optimal steering for all items in the survey. It can be assumed that if the actual situation is very different from the optimal situation on all items, irrespective of the direction of this difference, this suggests that the respondent is not satisfied with the ways in which (s)he perceives to be steered.

To illustrate how this works, let us assume that a respondent indicates that in the actual situation the department and her organization do not at all have the same interests (this would lead to a '1' in the survey) while in the optimal situation this would be absolutely the case (a '5' in the survey). This pattern of discrepancy between the actual and the optimal situation is repeated for all the other items. That would lead to the outcome that this particular respondent is maximally dissatisfied, with a dissatisfaction-score of '4' (5-1). In practice, the index was much lower for all respondents.

Figure 24 below shows the mean dissatisfaction index for the two groups of surveyed managers from agencies and educational institutions. The figure shows at a glance what was already evident from the previous chapters: agency managers seem to be more satisfied than their colleagues in educational institutions.

Figure 24: Dissatisfaction index agencies and educational institutions (max. 4,0)
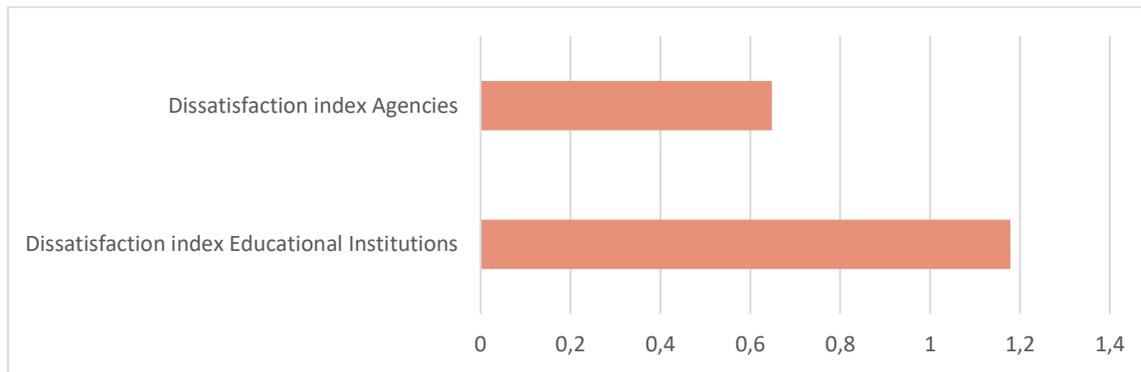
Overall, the survey results do not suggest a pattern of strongly dissatisfied agency managers. The mean dissatisfaction-score is moderate (0,65 on a scale to 4,0) with normal variation (standard deviation 0,47). The most dissatisfied respondent is also not extreme (2,0 on the scale to 4,0).

The level of dissatisfaction is mostly based on steering elements derived from the trust-centred stewardship approach. On many control-centred items, respondents indicated that the actual situation was already fairly close to the optimal situation. For most of the stewardship items respondents report a much bigger 'gap' between ideal and reality. This also accounts for most of the difference found in the dissatisfaction index.

Overall, the survey results do suggest a pattern of more dissatisfied educational managers. The mean dissatisfaction-score is considerably higher, even almost twice as high, as compared to that for the agency managers (0,65 vs. 1,18). Again, in comparison to the agencies, educational managers would find a statistically significantly different type of steering optimal for both the agency- as well as the stewardship dimensions.

In this sample of educational managers, at least some respondents are *really* dissatisfied, with a maximum range of 3,17 where 4 is the maximum. This is a strong outcome given the specificities of the survey instrument used. On the other hand, some other respondents indicate that the optimal situation and actual situation almost overlap.

All in all, the pattern emerging from the data is simple: agency managers are more satisfied with the perceived steering by departments than their colleagues in educational institutions while, for both groups, there is some light between the actual and the optimal steering relation. Assuming that it would be desirable to close this gap, the follow-up question is in what steering settings satisfaction is higher.

Tracing the sources of satisfaction

In order to understand potential sources of satisfaction in the steering relations, the dissatisfaction index was correlated with the various separate survey items (see for the correlation matrix the appendix). While we already know on what individual items the mean actual and optimal steering differ significantly, this new analysis adds valuable knowledge as it relates the generalized state of (dis)satisfaction to individual elements of the steering for individual respondents. The underlying rationale is that respondents' expressed preferences may not always be taken literally but that persistent patterns across the various participants might display structural relations between dimensions of actual steering and satisfaction. This analysis changes the narrative developed so far a little bit.

The figure below aims to visualize how the different elements of steering relations, both those derived from agency theory as well as those derived from stewardship theory, relate to satisfaction. The arrows symbolize individual significant relations. Following the logic of traffic lights, green arrows suggest positive relations (and, thus, possible 'to do's' in light of satisfaction). Red arrows symbolize negative relations (and, accordingly, possible 'don'ts' in light of satisfaction). The grey arrow marks the only item where the results differ for agencies and educational institutions.

Figure 25 below first of all shows that **all six items from stewardship theory are positively related to satisfaction**. This held for the agencies but also for educational institutions. The earlier analyses already showed that respondents on average indicated that they would find more stewardship-like steering optimal for most items. On some of the items the discrepancies between the actual and the optimal situation were larger than for others, suggesting some might be more important than others. However, the analysis above suggests that all items from stewardship theory are positively related to satisfied respondents. The 'do' following from this for departmental policies is simple; should a department aim to increase the steering-satisfaction amongst managers of agencies or educational institutions, all elements from stewardship theory may offer important cues.

Figure 25: sources of satisfaction in steering

Control-centred steering

Selection: mitigating self-interest

Preferences: performance indicators

Procedures: detailed boundary conditions

Incentives: material rewards

Monitoring: detailed external monitoring

Relationship management: formal

Satisfaction

Trust-centred steering

Selection: focus on shared interests

Preferences: co-produced

Procedures: substantial discretion

Incentives: professional rewards

Monitoring: internal control

Relationship management: informal

Secondly and somewhat surprisingly, the results suggest that **half of the items from the agency perspective are negatively related to satisfaction**. This is as could be expected given the results here for the educational institutions where respondents overall seemed to prefer a less control-centred steering approach. However, the outcome comes a bit as a surprise with regards to the results from the agencies. Here we saw that the actual and optimal steering on the control dimension were fairly close to each other. Nevertheless, the survey still finds that half of the steering dimensions in the control-centred approach are negatively related to satisfaction for agency-managers as well. Those steering dimensions are first of all detailed boundary conditions. The second is detailed external monitoring. These two seem closely related and aligned to concerns about red tape in public services, criticizing perceived unhelpful procedures and overly detailed reporting requirements (Jacobsen & Jakobsen 2018). Finally, highly formal types of relationship management are negatively related to satisfaction. This should not come as a surprise, given the fact that informal relationship management is positively related to satisfaction.

Thirdly, the grey arrow symbolizes the **one item where responses for agencies and educational institutions differ**. For agencies there is no relation between being steered on quantified targets and satisfaction while, for educational institutions, this has a negative impact on satisfaction. This finding may suggest that steering on targets is more accepted in agencies and also that at least for some of them those targets may make intuitive sense, for instance for agencies with typical production tasks in benefits, administration or payments. Conversely, targets may feel less 'natural' for educational institutions, as has been noted in critical discussions (Green 2011).

All in all, the analyses suggest that, although the experiences with steering are somewhat different for agency managers and educational managers, in part because their institutional relationship to central government is different, the antecedents of satisfaction are mostly similar. There are many relevant differences and experiences 'on the ground' within agencies and educational institutions; the local context is always crucial to understand how it really "is". Nevertheless, the sources of satisfaction found in this survey are almost the exact same for both sets of organizations. This suggests that the generic preferences for steering are comparable in both sectors and that opportunities for improvement may be found in the same areas. So in general, a trust-centred approach in line with stewardship theory seems advisable, assuming one wants to increase satisfaction amongst the subjects of steering. Detailed monitoring and detailed boundary conditions are inadvisable from the same perspective. Relationship management should start off from informality, rather than formality. And, finally, for educational institutions, a heavy reliance on quantified targets seems inadvisable.

Reflecting broader on the results

The conclusion above seems massive and simple and may provoke at least three types of concerned responses. First of all, do the results not really show something else: the fact that a trust-centred approach is simply *nicer* for the manager being steered? Secondly are the Danish patterns somehow unique or would we see the same outcomes in different contexts?, And thirdly, is satisfaction *only* the product of the perceived steering or can it also be explained by other factors? We reflect on these three critical comments in turn.

Isn't stewardship "just" nicer?

The first concern of the reader could be that we may be really showing something else, notably that a trust-centred steering approach is simply much *nicer* for managers as subjects of steering. This is probably to some extent certainly true, indeed. It seems much nicer to develop goals in conjunction than to be given orders from above and it is probably nicer to operate one's owns' monitoring systems than to be supervised externally. So yes, what we do see is indeed that the stewardship-approach seems more attractive to managers of agencies and educational institutions and, probably, also to many other managers. The fact that managers would prefer a strengthened trust-centred approach is as such thus not surprising. However, we still see that respondents do not suggest that there should be no controls at all. So the results are much more than a simple pro-trust narrative as some more or less controlling measures are identified as 'optimal'. This mirrors what the researchers involved in this project also found in other studies that *some* levels of scrutiny and hierarchical control are actually both effective as well as perfectly acceptable to managers, as long as they are also perceived to be legitimate (Schillemans et al 2020; Aleksovska et al 2020). Further, while the *nicety* of stewardship-theory in part explains the generic outcomes we have, they do not explain why the outcomes

differ quite a bit between individual respondents as well as between agencies and educational institutions. Finally, the trust-centred approach is also in line with the preferences of policy-makers in government departments, as indicated in the introduction.

Some international comparisons

The second critical comment could be that these results may seem self-evident, given the attractiveness of stewardship theory. Would we see the same patterns when this research had been conducted in other countries? It would be hard to answer this, as the exact same study has not been conducted elsewhere. However, it is possible to make a number of inferences.

First of all, in several public sector studies using stewardship theory, researchers find that stewardship-only is not enough and that the appropriate balance with controls seems context-dependent (Dicke 2002; Van Slyke 2007). In particular, these studies investigated whether it is feasible to outsource public tasks in social policies to non-profit organisations, assuming their intrinsic motivation to serve their publics is relatively higher than for government organizations. In a recent study in Norway, Bjurstrøm (2020) focuses on individual differences and shows how some managers may thrive more with a stewardship-like approach than others. This is again related to their intrinsic motivations. If their intrinsic motivations are more in line with stewardship, than a stewardship approach works better. These studies underscore the motivational basis of the steering model and the importance of aligning external steering with the internal motivations of decision-makers.

Secondly, the same survey as in this study has been submitted in the Netherlands, yet some years ago and with a different population of respondents (cf Schillemans & Bjurstrøm 2020). We should therefore be very careful in interpreting similarities and differences. We only discuss the results in words, not in tables or figures, in order not to over-stress the comparisons.

In short, the Dutch analysis, which was based on agencies only (including lower level respondents), had numerous similar yet also some different outcomes. In line with the Danish results, also the Dutch respondents in general aspired to a more trust-centred steering which was also here significantly and positively related to satisfaction. As with the steering of Danish agencies, dissatisfaction was moderate and the index also here came to 0,6. And in a very general sense, also here a more trust-centred approach would likely lead to more satisfaction.

Having said that, there were several clear differences (which we must be careful to attribute to country differences, they could also be related to the 'use' of somewhat different respondents or the different time-frame). First of all, in the Dutch sample the actual situation was seen to be more in line with principal-agent theory than in Denmark and also less in line with stewardship theory. In that sense, the principal-agent approach seems more descriptive of Dutch steering practices while the stewardship approach seems more descriptive of those practices in Denmark, at least in relation to

agencies. Secondly, while the optimal situation for the Dutch respondents would also be closer to the stewardship ideal this did not imply, as in the Danish case, a move away from principal-agent theory. The Dutch steering was closer to the ideal of principal-agent theory and this was also more in line with the preferences of the Dutch respondents. This was further evidenced in the sources of satisfaction in the Netherlands. In both countries, all items from stewardship theory were positively related to satisfaction. Yet, while in Denmark half of the items from principal-agent theory were negatively related to satisfaction (see figure 11), in the Netherlands none of them were negatively related and two items were even positively related to satisfaction. Here the results of the application of the same instrument in different contexts is really different. The policy implications of the survey in both countries then differ considerably. In the Netherlands, the immanent strategy following from the survey only would be to strengthen trust-centred elements of steering across the board while maintaining and at points enlarging the control-centred elements which are already there from the outset. Conversely, the Danish conclusion would be to indeed strengthen the trust-centred character of steering even further and moving even further away from control-centred measures, notably regarding what is perceived by some to be an overly formal style of relationship management and disproportionate monitoring requirements and additional procedural requirements.

As mentioned several times, given the disparities in sample and timing of fielding, these conclusion must be read with care, although they may be informative. They do however underscore that the specific results and relations between variables in this study are not generic and must be the product of the specific Danish responses received. Compared to the other applications, it seems that stewardship steering at least in the current situation is already quite related to how departments already steer and is also in line with what all respondents overall implicitly suggest in this survey. This suggests that the normative ground for a strengthening of a stewardship approach in Denmark now is stronger than it was in the other countries where this was studied.

Other sources of satisfaction

Finally, a third concern could be that figure 25 now exclusively relates satisfaction with steering to the steering itself. Aren't there other factors with an equal, if not stronger, impact on this outcome? In general the answer would be: undoubtedly. As always in social science research, the analysis explains only parts of the total phenomenon. What we measure in terms of satisfaction is probably affected by uncountable factors on individual bases that add up in ways we do not understand. Also, the analysis is only based on the data available to us at the time and it is no question that potentially important factors cannot be taken into account. So the satisfaction-outcome is no doubt also affected by many other variables.

Having said that, however, the patterns *are* really robust. As mentioned already, even though there are evident differences in the institutional position and formal relations between departments and agencies, respectively educational institutions, the positive and negative relations between different steering measures and satisfaction are almost the

same. Further, the available data did allow us to analyse whether other factors are related to our outcomes. We analysed whether some of the background variables that were available were related to satisfaction. But with two exceptions they were not.

The first exception is the frequency of contacts with societal stakeholders. Respondents with more contacts with societal stakeholders were more satisfied with the steering regime with central government. This could signify that such contacts with societal stakeholders are a source of professional satisfaction that would affect how they perceive their hierarchical steering relationship.

The second exception was that in the sample of educational institutions, gender was significantly related to satisfaction. The female respondents were a little less satisfied with the steering relationship than the male respondents. Upon inspection of the data, it seems this effect was caused by a small number of female respondents who were significantly less satisfied than the male respondents and it was not pattern that was observed all over. A small number of female respondents from educational institutions were thus clearly less satisfied with the steering than the other respondents. It is a finding that is difficult to analyse further and is in part the product of a statistically relatively small sample.

Beyond that, however, the results we found are robust for the entire sample. And, irrespective, the take-aways are constant: for all respondents the optimal steering would be closer to what stewardship theory prescribes and the gap with the actual situation is consistently bigger for respondents from educational institutions.

7. What trust-centred steering measures have the strongest impact?

The analysis so far suggests that a strengthened trust-centred steering approach in line with stewardship theory would be the go to approach, assuming it is desirable to maximize satisfaction with steering. This provides a very clear general steer to policy-makers in departments yet provides much less specific guidance on the ground. This can in part be attributed to the general survey instrument used which is not meant to gauge how exactly principals steer their agents or stewards. This is also a more general criticism of the newer post-hierarchical approaches to governance, mentioned in the introduction: their general thrust sounds appealing to many yet their practical operationalization for government steering practices is still limited. In order to provide extra insights into what trust-centred measures are effective, the survey incorporated an experimental design, testing the relative effectiveness of a set of trust-centred measures.

Effectiveness beyond explicitly hierarchical interventions

Stewardship theory describes a relationship in which agencies and educational institutions are not steered by enforced hierarchy, contracts and financial incentives. In such a trust-centered approach, non-hierarchical means are preferred to convince and stimulate organizations to pursue specific lines of action. Some of the attractiveness of stewardship theory is precisely that it contravenes classic hierarchical and controlling approaches to steering. However, also in a stewardship setting, the department still occupies a hierarchical position, will want certain courses of action to be pursued and will want to motivate the agency or educational institution to do specific things. However, what measures can be effective beyond outright hierarchical interventions which may be at odds with the partnership envisioned in the trust-centered approach?

In order to investigate this question, the survey contained an additional small experimental element. This is a different type of research producing different type of data than was described above, so that needs some explanation up front.

The experimental set-up

The use of experimental research is gaining ground in the social sciences. Experimental studies have the great benefit of enabling researchers to make causal inferences. It is the method of choice if one wants to investigate whether certain measures are more effective than others. The downside to experiments is that they only work in relatively abstract scenarios which are not always easy to relate to real-life experiences. Also, the cause and effect are only established *within* the data and it is not certain that what is found in the data would easily transfer to realistic settings. Having said that, in term of determining causal effects, experimental research trumps other research approaches such as the classic survey described in this study so far.

In this specific case, participants were asked to make two simple decisions under randomly varying steering conditions. The scenario was relatively abstract. Participants were asked to imagine a situation in which they were approached by either departmental or societal contact-persons making some demand. The demands were legitimate, reasonable and within the reach of the respondent. However, there were two simultaneous claims and the participant had to prioritize one over the other. They had to make a choice whose legitimate demand to take up first.

In the scenario, the substantive demands were left unspecified. Participants only knew that they were contradictory and that they had to make a choice. The only information to go by were specific attributes of the two contact-persons making a demand and these represented five non-hierarchical steering strategies as will be explained below.

The scenario is thus both abstract and simplified; something to which quite some respondents reacted. It however represents the common situation in which managers have to prioritize yet in a highly stylized, extremely shortened and simplified form. We understand that participants may sometimes have had some trouble relating this back to their professional experiences in which contextual factors are always relevant and taken into account. However, the scenario *does* represent a setting – having to prioritize under competing legitimate demands – which is highly prevalent in the work of top managers of agencies and educational institutions. And the advantage of such an experimental approach is that it helps to dissect which factors affect the decisions they make, even if only in the artificial setting of the survey experiment. This generates causal insights into the effectiveness of different non-hierarchical measures with which government departments may seek to effectively steer 'their' agencies or educational institutions in line with the ideas from stewardship.

Five trust-centred steering measures

On the basis of our knowledge of the literature we selected five steering measures that departments can adopt when they wish to affect decision-making in agencies and educational institutions without directly enacting their hierarchical roles. We describe them one by one and they were all used in the study.

Measure 1: consensual or confrontational?

Demands can be formulated either in a consensual style or confrontationally. One can ask to help find a solution or one can demand a specific outcome. Both may have their pro's and con's. The first activates the actor's willingness to find a solution and relates to intrinsic motivation which is crucial in stewardship theory. However, it may be a risky strategy as the manager may also *not* be motivated to make that specific decision. The second, confrontationally demanding a specific decision to be made, is a form of extrinsic motivation. People will not generally like it but it may be effective and persuasive nonetheless. This builds on a key dimension of stewardship theory (Schillemans & Bjurstrøm 2019), relates

to literatures on accountability and learning (Schillemans & Smulders 2016), and also to literature on social accountability (Brummel 2020).

Measure 2: formal or informal?

Demands can be formulated in a formal meeting or can be voiced informally. This is theoretically related to the measure above and equally relates to the willingness versus the felt obligation to respond to a demand and, thus, to intrinsic versus extrinsic motivation, and thus to stewardship theory and principal-agent theory. This distinction builds on the same literatures as the ones discussed above; with the important work done by Barbra Romzek (2016) and colleagues on informal accountability as an addition. Again, as above, theoretical arguments could be given both in favor of formal approaches as well as for informal approaches.

Measure 3: expected or unexpected?

Sometimes demands appear out of the blue and sometimes people see them coming all along. In psychological research on the effects of accountability, its foreseeability is a major factor. More specifically, expecting some demand or some claim is often found to be important in generating more helpful responses. In this case, thus, we would expect that an expected claim would have a much bigger impact on a prioritization decision than an unexpected claim. See Schillemans (2016) and Lerner & Tetlock (1999) for the salutary role of expected accountability and its effectiveness regarding decision-making.

Measure 4: faming or shaming?

It has been argued that reputation is a key concern for decision-makers in the public sector. Reputational concerns are said to go a long way in explaining how people respond to external demands. This is a fortiori the case for stewards, acting on the basis of professional routine and professional esteem. There could be two mechanisms at work: on the one hand, reputational concerns in lieu of reputational threats. Or, conversely, positive reputational rewards for doing the right thing. See Busuioc & Lodge (2016) for the key role of reputation in accountability studies (see also Overman ea 2020) and see also the work on shaming and faming (Yeung 2005).

Measure 5: positive or problematic past experiences?

In many studies of decision-making and external accountability, the relational element is seen as important. Accountability demands are not voiced in a void but tap into existing relationships in which people and organizations

have good, or perhaps not so good, past professional experiences together. This literature suggests that our behaviors are to a large extent based on routines, established patterns, and the logic of appropriateness. Thus, the expectation would be that decision-makers would favor those demands that emanate from stable, positive professional relationships. This is also logical, following the stewardship perspective. See Olsen (2017) for this approach to accountability. In a previous conjoint experiment, we found that in some settings these past experiences did indeed have some influence on decisions (Aleksovska 2020).

All of the factors above have been identified as important in and of itself. They can all be part of a trust-centred approach to steering. The empirical question is: would some of these be more effective in influencing the artificial decisions made in this scenario by managers from agencies and educational institutions than others?

Analyzing trust-centered measures

The five elements above represent different strategies that governmental organizations can use to affect the strategic decisions taken in agencies and institutions. In the experimental scenario, the five elements varied randomly. So all participants made prioritization decisions between two choices which varied randomly from person to person in terms of those five dimensions. The statistical analysis then enables us to say which of these elements are more important in the prioritization decisions made by participants.

The experimental scenario used is a conjoint experiment. Conjoint designs allow for the causal testing of the effects of multiple elements simultaneously and enable scholars to estimate the relative effect of each of them (Green and Rao 1971). The method of conjoint analysis is used because of its advantages, such as its power to simultaneously investigate several causal relations in combination with its relative simplicity. The real world choices decision-makers make are often the result of trade-offs between several considerations and values. Through their design, conjoint experiments account for these trade-offs, creating results with higher degrees of realism (Hainmueller, Hopkins, and Yamamoto 2014).

In practice, this means that respondents were asked to make two prioritization decisions between two randomly produced sets of stakeholder demands. This could for instance have been a choice between the options below. Whose demand would they address first?

In practice, every decision was made under a random combination of these five elements.

Table 5: Example of conflicting stakeholder demands

	Demand representative 1	Demand representative 2
Note: the attributes below varied in random combinations		
Kravets ordlyd	Du bliver venligt bedt om at hjaelpe med at finde en god loesning i denne vigtige sag	Det understreges kraftigt, at det er absolut noedvendigt at prioritere denne sag
Kravets omstaendigheder	Kravet stilles under formelle omstaendigheder	Kravet stilles under uformelle omstaendigheder
Kravets timing	Kravet kommer som en stor overraskelse; du havde slet ikke forventet det	Kravet var forventet; du vidste hele tiden, at det ville komme paa et tidspunkt
Potentiel konsekvens	Hvis du prioriterer dette krav, vil du blive anerkendt af dit professionelle netvaerk eller af eksterne interessenter	Hvis du ikke prioriterer dette krav, vil du blive bebrejdet det af dit professionelle netvaerk eller af eksterne interessenter
Tidligere erfaring	Der har tidligere vaeret mange uoverensstemmelser med denne aktoer; et problematisk samarbejde	Der har aldrig tidligere vaeret uoverensstemmelser med denne aktoer; et godt samarbejde

The statistical analysis is somewhat complicated yet its core is relatively easy to get: it gauges which elements of the steering situation are most often part of the prioritization decision. In a simple example, let's assume that in practice the first element, the tone of the demand being confrontational, is the only element that drives decisions in this scenario. This then would be the element present in all prioritization decisions, in random combinations with the other elements.

The results of the analyses are a little more complicated yet still relatively simple to convey. They are shown in the figure below. The figure depicts the decisions made in the scenario. The vertical line at marginal mean 0.5 – the middle of the figure – presents equal likelihood of being prioritized. Estimates to the right of the vertical line represent higher than equal likelihoods, while estimates to the left of the vertical line represent lower than equal likelihoods. The further from the center an attribute is, the stronger its impact is on the decisions taken. Or, put in more straight language, the further to the right a steering measure is ranked, the stronger its impact on decisions made by the participants in our artificial prioritization scenario.

Figure 26: results: the effectiveness of five trust-centered measures
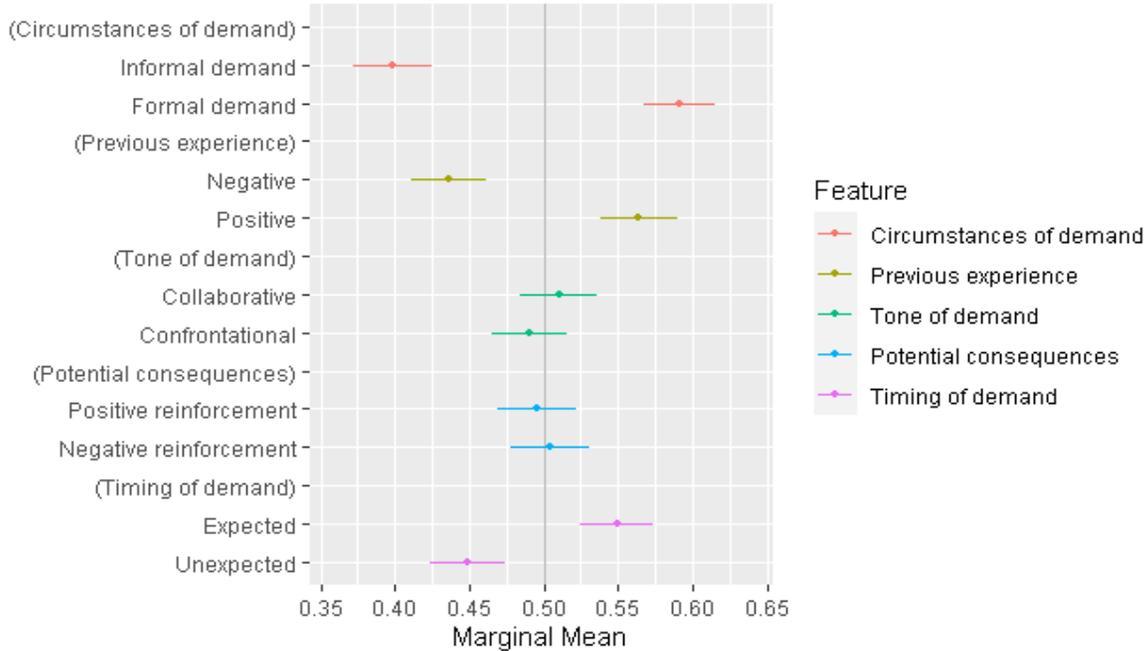
So what does this figure tell us? A number of things. The first impression of the figure is rather obvious: three out of five trust-centred steering measures are relevant while the last two are almost irrelevant to the decisions made. These three are also statistically significant.

The strongest impact on decisions is whether a demand is formulated in a formal or informal way. When a demand is formally expressed this had the highest likelihood of affecting a decision in our scenario. The practical lesson to take from this is that departments are, if we extrapolate these experimental findings to reality, well-advised to voice demands in formal settings, even while on a day to day basis they operate rather informally. This is probably already very often the case. The flip side to this is perhaps more informative: when demands are expressed informally, they had the least chance of affecting decisions. In literatures on collaborative governance, the strength of informal interactions is often stressed. Again, that may be well and good, yet even when aiming to steer in a less controlling and visibly hierarchical way, it seems unadvisable to put forward a demand in some informal setting if a department wants the agency or institution to take it up; at least when we extrapolate from our results.

The second biggest impact on decisions emanates from positive previous experience. Stakeholders with whom the decision-maker has had positive past experiences are 'rewarded' in this scenario when a prioritization decision has to be taken and their demand is prioritized. And stakeholders with whom the decision-maker has had a more troubled professional past are deprioritized. This signals the relevance of warm professional relations as a source of informal influence. It suggests that network-based approaches to governance may be effective in affecting decisions.

The third factor of relevance is the foreseeability of a demand. When a demand is expected it is more likely to have an influence on the eventual decisions made. This is in line with psychological research on accountability, suggesting that known and expected demands from superiors affect decisions in public administration, even without explicit enforcement (Schillemans 2016). This suggests for departments that it is important not to surprise agencies or institutions with sudden requests or demands and that a clear longer term vision is probably helpful for their orientation and will affect strategies of managers in agencies and educational institutions.

Finally, irrelevant in this scenario are both the tone of the demand and the potential consequences of non-prioritization. While these may be relevant for several reasons, they did not affect decisions taken in this scenario.

Thus, all in all, the experimental scenario highlights three ways in which departments may effectively steer without explicitly resorting to hierarchy. They may be effective using 1) formal meetings to make demands which are 2) substantively expected because they align with a pre-existing and known vision and this 3) the demand builds on a professional past of good mutual collaboration. We will use the conclusion and discussion to reflect on these conclusions.

8. Conclusions, reflections and avenues for further improvement

This study has focused on the perceived steering relations between government departments in Denmark with agencies and educational institutions. This study departed from a number of assumptions. First of all, the contention that an effective form of steering requires a combination of control-centred elements with trust-centred elements that must be fit to specific organizations and contexts. Secondly, in Denmark as in many other countries, existing styles of steering have been criticized as being too strongly control-centred and policy-makers and academics aim to explore the opportunities offered by trust-centred steering in combination with a certain level of control. Thirdly, while such trust-centred approaches sound appealing to many, their practical applications for governments are still limited. Against this background, this study analyses the perceptions of actual steering by managers in agencies and educational institutions and aims to provide uncover informed avenues for potential further improvements in steering relations.

Findings at a glance

The study focused on four questions which will be answered shortly below.

1. *How do top managers in agencies and educational institutions experience that they are steered?*

The experiences with steering differ somewhat between managers of agencies and educational institutions. The actual steering was identified on a combination of trust-centred measures, derived from stewardship theory, and control-centred measures, derived from principal-agent theory. Although there are clear differences between individuals, as a group agency managers perceive to be steered with a 'moderately trust-centred' approach still featuring forms of control. For educational managers the opposite holds, on average their responses paint a picture of a moderately control-centred approach still featuring some forms of trust. On both dimensions, the use of both material rewards (expansion of tasks or budgets) as well as professional rewards (verbal praise) are perceived as limited.

2. *To what extent are top managers satisfied with the steering they perceive?*

It is difficult to assess exactly how satisfied managers are; because: what would be the appropriate normative benchmark? What we can do in this study, though, is calculate to what extent the optimal steering regime overlaps with the perceived actual steering regime. Following that logic, it seems that on many individual items the actual steering can be optimized as it differs significantly from the perceived actual steering. The distance between the actual and the optimal steering regime is significantly bigger for educational institutions than for agencies.

3. Under what conditions are top managers more satisfied with the ways in which they perceive they are steered?

In general, when the perceived steering is closer to the ideal of stewardship theory, respondents in both agencies as well as educational institutions are more satisfied with the steering. Overall, the results for both sets of organizations can be summarized in the title of this report: a strengthened stewardship approach. Approximately half of the control-centred measures are negatively related to satisfaction. Notably formal forms of relationship management, detailed procedural requirements and detailed monitoring are related to dissatisfaction. Relying on quantified targets is also perceived negatively by educational managers yet not by their colleagues in agencies.

4. What are effective trust-centred measures of steering in which hierarchy is not enacted directly?

The general conclusion that a strengthened stewardship approach would be advisable in lieu of satisfaction already provides cues of possible steering strategies to pursue or avoid, as will be described below. In addition to that, an experimental scenario embedded in the survey added some further insights to this. This part of the study identified three trust-centred measures with which departments may effectively affect decision-making by managers in agencies and educational institutions without explicitly resorting to their hierarchical positions. They may be effective using 1) formal meetings to make demands which are 2) substantively expected because they align with a pre-existing and known vision and 3) these demand builds on a professional past of good mutual collaboration.

Limitations

This study was conducted with abstract theoretical notions and procedures. As a result, we would not want to claim that our analyses truthfully and naturally describe steering in Denmark. If participants had been asked to describe their experiences with steering in their own (Danish) words, this would undoubtedly have produced a different narrative. What we see and find is thus premised on the theoretical angle adopted. A full and more naturalistic understanding of steering in Denmark would require further qualitative insights.

This non-realistic element of the study most strongly relates to the experimental part used to answer the fourth research question. Feedback from participants suggests the abstract nature of the proposed decision setting was sometimes annoying to some respondents. This may have also affected their responses and the ecological validity of the experiment even for a non-hierarchical context.

We are well aware of these limitations. In defence, however, we would say that this approach has the great advantage that it relates actual steering and decisions to fundamental theoretical perspectives, developed in interactions with a very large body of existing empirical research. This allows us to make causal inferences on the basis of these data.

Also, and in particular for the experimental part, it has been understood that responses in artificial choice situations in research are related to real decisions in such types of situations in reality.

Further, this study relates the perceived actual steering to satisfaction of the top manager. This is, of course, not the only or not even the most important goal of steering. We do not steer agencies or educational institutions in order to make their managers happy. There are many other relevant goals of steering, which we have not been able to take into account and which are ultimately not up to us but to policy-makers in Denmark to decide about. Having said that, however, we *do* believe that satisfaction is a highly relevant issue in steering relations. When managers accept and appreciate the steering from the centre, the chances that they comply and align their organizational strategies with central imperatives is much higher. Creating a good and mutually accepted working partnership with agencies and educational institution is thus a good in itself but is also highly from an effectiveness-perspective.

To conclude: the potential further avenues for improvement are all premised on the assumption that it is desirable to align the experienced steering with the perceived optimal steering. Whether or not this is actually desirable, also in light of other important goals of steering, is up to policy-makers and not to us. Further, this report approaches steering from a top down, theory-driven, approach. If we want to understand steering in Denmark, further qualitative information would be needed to complete and complement the picture sketched in this report. Similarly, the study produces generic recommendations developed from a very long distance from the shop floor of policy making and organizational management in Denmark. Successful implementation and development of those recommendations requires further thinking, interacting and discussion with policy makers and managers in order to align our research findings with "lived realities" and existing steering practices.

Avenues for further improvement

Overall

This study shows that there is some light between the perceived actual steering and the envisioned optimal steering. To what extent it is important to limit that distance is ultimately a policy decision and not up to us. There are other highly important objectives of steering. However, when managers of agencies and educational institutions are too dissatisfied with the steering they perceive, this is likely to have negative consequences, both for individuals and organizations but also for important policy goals.

The 'need for improvement' of governmental steering – based on the satisfaction index used in this study – is considerably bigger for educational institutions than for agencies.

Even though there are many differences between the different organizations, the directions for improvement following from our analyses are almost identical for agencies and educational institutions

At a general level, this study suggests that the perspective of stewardship – based on the idea of the intrinsically motivated 'steward' who is steered by an enabling department – offers opportunities for improvement. Stewardship is not alien to steering in Denmark; its elements are recognized in the actual steering, particularly as experienced by agency managers. However, almost across the board our respondents suggest that in the optimal steering they would experience "more where this came from". The title of this study already summarizes the major thrust of this report: in order to further improve the satisfaction with experienced steering by government departments, a **strengthened stewardship** approach seems advisable.

Possible concrete actions

All items from stewardship theory are positively related to satisfaction. We order them based on the measured distance between actual and optimal setting. If the goal were to optimize actual steering, the first points would be the first to address. They have been rephrased as short and directive as possible. The broader substantiation of these points is in the earlier manuscript. Further, three additional points are derive from the conjoint experiment.

Steer collaboratively
- *Develop goals in collaboration*
- *Focus on shared interests*
- *Invest in long-term partnerships*

Dare to trust professionalism
- *Dare to trust internal controls*
- *Allow discretion*
- *Develop professional rewards for good performance*

Informal when you can, formal when you must
- *Signal substantive preferences consistently*
- *Manage relationships informally, but …*
- *… issue demands in formal settings*

Finally, the survey results also point at some don'ts for departmental policy makers

Beware of red tape. *Perceptions of high and detailed procedural requirements are related to dissatisfaction. Limiting procedural regulations, or better explaining and implementing those regulations, will likely improve satisfaction.*

Beware of white noise. Perceptions of detailed reporting are also related to dissatisfaction. Thus limiting reporting requirements, or making required reporting feel like a relevant activity, will likely improve satisfaction

Beware of undue formality. Unnecessary formal styles of relationship management go together with high dissatisfaction.

And finally, only for educational institutions:

*Easy with the targets***.** *A strong reliance on quantified targets is related to dissatisfaction.*

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Appendix 1 Correlation matrix

		Dissatisfaction index **Agencies**	Disatisfaction index **Education**
1. "Under forhandlinger med ministeriet har styrelsen/institutionen stor opmærksomhed på egne interesser" - Den eksisterende situation	Pearson Correlation	,090	,003
	Sig. (2-tailed)	,315	,954
	N	127	276
2. "I praksis har ministeriet og institutionen samme interesser" - Den eksisterende situation	Pearson Correlation	-,508**	-,531**
	Sig. (2-tailed)	,000	,000
	N	127	276
3. "Ministeriet styrer primært underliggende institutioner på baggrund af resultatmål fastsat på forhånd" - Den eksisterende situation	Pearson Correlation	-,136	,270**
	Sig. (2-tailed)	,128	,000
	N	127	276
4. "Ministeriet og institutionen udvikler relevante resultatmål i fællesskab" - Den eksisterende situation	Pearson Correlation	-,403**	-,514**
	Sig. (2-tailed)	,000	,000
	N	127	276
5. "Ministeriet fastsætter ret detaljeret, hvordan og inden for hvilke rammer opgaver skal løses" - Den eksisterende situation	Pearson Correlation	,365**	,454**
	Sig. (2-tailed)	,000	,000
	N	127	276
6. "Institutionen har stor indflydelse på, hvordan opgaver skal løses, så længe det skaber resultater" - Den eksisterende situation	Pearson Correlation	-,478**	-,546**
	Sig. (2-tailed)	,000	,000
	N	127	276
7. "Når institutionen gør det godt, er ministeriet mere tilbøjeligt til at belønne institutionen, fx bevilge ekstra midler eller involvere institutionen i attraktive arbejdsopgaver, end når institutionen ikke gør det godt" - Den eksisterende situation	Pearson Correlation	-,104	-,105
	Sig. (2-tailed)	,244	,082
	N	127	276
8. "Når ministeriet er tilfreds med den måde, hvorpå opgaver bliver løst, gør ministeriet opmærksom på dette over for både institutionen og relevante tredjeparter" - Den eksisterende situation	Pearson Correlation	-,337**	-,450**
	Sig. (2-tailed)	,000	,000
	N	127	276
9. "Institutionen afrapporterer detaljeret til ministeriet på alle områder, så ministeriet kan kontrollere, hvad der er blevet gjort i praksis" - Den eksisterende situation	Pearson Correlation	,399**	,392**
	Sig. (2-tailed)	,000	,000
	N	127	276
	Pearson Correlation	-,622**	-,625**
	Sig. (2-tailed)	,000	,000

10. "Ministeriet har tiltro til, at institutionen sikrer, at opgavevaretagelsen er af høj kvalitet" - Den eksisterende situation	N	127	276
11. "I samspillet mellem ministeriet og institutionen er uformel kontakt sjælden." - Den eksisterende situation	Pearson Correlation	,236**	,334**
	Sig. (2-tailed)	,007	,000
	N	127	276
12. "Forholdet mellem ministeriet og institutionen er karakteriseret ved forståelse og respekt for hinandens roller" - Den eksisterende situation	Pearson Correlation	-,583**	-,639**
	Sig. (2-tailed)	,000	,000
	N	127	276

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