Joint or Shared Accountability: Issues and Options

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Future State 2 is a research project being undertaken on behalf of state services chief executives as part of the Emerging Issues Programme (EIP). The project aims to identify how the 'centre' can support new ways of working that are required for the public sector to respond effectively to emerging complex problems, and how individual agencies could promote new ways of working. There are several strands to this work: 1) international perspectives, 2) emerging trends in governance, 3) joint accountability, 4) experimentation and learning in policy implementation, 5) agency restructuring, 6) skills and capabilities, and 7) the authorising environment.

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Abstract

Responsible and responsive government depends on effective accountability – at all levels within the state. To this end, democratic governments have typically established strong vertical or hierarchical accountability relationships. New Zealand has been no exception. Indeed, the state sector reforms introduced in the late 1980s emphasised formal, vertical, straight-line accountability. Yet some of the work of government involves collaboration or joint working across multiple agencies. This implies the need for shared and horizontal accountability. It also casts doubt on the wisdom of relying too heavily on vertical accountability, not least because this may undermine joint working.

How, then, should accountabilities be managed in the context of shared or joint working across agencies and what principles and considerations should guide policy makers when designing such accountability arrangements? With these issues in mind, this paper begins with an exploration of certain key concepts – vertical and horizontal accountability, responsibility, answerability and blame – and considers the limitations of vertical models of accountability within a Westminster-type parliamentary democracy. It then explores the nature and problems associated with joint working in the state sector where accountability for particular activities or outcomes is shared between two or more organisations. The paper argues that there are certain 'hard' factor and 'soft factors' that must be addressed to enable joint working. It is also argued that four key issues need to be considered when designing the institutional and associated accountability arrangements for joint working: depth, co-ordination and alignment, complexity, and separability. The paper concludes by exploring the 'levers' available to accommodate new ways of working across public agencies.

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Introduction

Joint or shared accountability is common, if not the norm, across many spheres of human endeavour, not least in the field of public sector management. For instance, in a parliamentary democracy such as New Zealand, all of the most important policy decisions are generally taken collectively by the cabinet. Hence, ministers are jointly responsible for these decisions, irrespective of whether they agree with them. Likewise, responsibility for the activities and performance of government departments is shared between ministers and departmental chief executives. Equally, in most cases, the achievement of desired policy outcomes – whether economic, social or environmental – requires the collaboration of multiple agencies, often involving both governmental and non-governmental bodies. Such collaboration may include formal partnerships or more informal arrangements. Either way, a degree of joint accountability for the results is entailed. Equally, such arrangements typically imply an element of mutual accountability, or what might be termed 'horizontal' accountability. As a result, in many situations individuals face multiple accountabilities, upwards, laterally, outwards and sometimes downwards.

Yet, where accountability is shared between two or more individuals (or organisations), various problems can arise. These include a lack of clarity over lines of accountability, the risk of blame shifting, and difficulties in rewarding performance or applying sanctions in the event of poor performance. Within the public sector, these problems can make some individuals and agencies reluctant to participate fully or enthusiastically in joint working arrangements, thereby thwarting inter-agency collaboration and cooperation. Given that joint working is often vital for the realisation of desired outcomes, addressing the issues raised by joint accountability is critically important.

Moreover, in New Zealand there have been ongoing concerns that the public management reforms introduced in the mid-to-late 1980s (and largely unchanged since then) have exacerbated the problems of joint horizontal working across two or more agencies because of the continued strong emphasis on vertical, straight-line accountability. This includes a focus on departmental chief executives being accountable to their portfolio minister(s), and explicit, hierarchical reporting lines (and related accountabilities) within departments. The emphasis on vertical accountability mirrored the 'best practice' business unit structures of the late 20th century, with a matching of authority and resources to ensure 'no excuses' accountability for delivering outputs against pre-defined policy outcomes. Further, despite the increased emphasis on 'outcomes' since the late 1990s (as reflected, for instance, in the planning process for *Statements of Intent*), there has been no change in the underlying reporting lines embodied

in the reforms of the 1980s.[1] At the same time, inter-organisational arrangements involving horizontal accountability are increasingly being formalised, with shared or joint accountability for the achievement of specified outcomes. For instance, departmental chief executives are working more intensively in mandated clusters or sector groupings, such as the natural resources sector, the justice sector, the social sector, and so forth. This poses the question of how joint working can best be encouraged, or at least facilitated, in an accountability framework that is fundamentally hierarchical in nature.

In this context, the Future State 2 (FS2) project is focused on the question of how the 'centre' can support new ways of working within the public sector. A key aspect of this is how to improve the quality of public services and the cost-effective delivery of desired outcomes through better joined-up government, including improved inter-agency collaboration and cooperation. After all, it is clear from previous research undertaken within the Emerging Issues Programme (EIP) that public sector issues can be expected to become increasingly cross-organisational and inter-connected over the coming decades. Cross-jurisdictional work (no doubt assisted by technological innovations) is also likely to intensify. Horizontal relationships will thus be increasingly important. Formal hierarchies obviously provide the benefit of clarity and stability; but 'clan' and 'network' solutions are often more likely to provide the flexibility to respond to complex and fast changing issues. How can the tensions created by the competing requirements of clarity and flexibility be reconciled?

With such questions in mind, this paper explores the nature and implications of joint or shared accountability in the state sector, with particular reference to New Zealand. This paper proceeds as follows. First, in Part A we consider some key concepts and their interrelationships. This includes the nature of accountability, the distinction between vertical and horizontal accountability, the relationship between accountability and responsibility, and some of the sources of confusion surrounding the concepts of accountability, responsibility and blame.

Part B outlines the key features of the New Zealand model of public management, highlighting its emphasis on formal, vertical, straight-line accountabilities (and their related unbroken chains of command). In so doing, however, we draw attention to the limitations of vertical models of accountability within a Westminster-type parliamentary democracy, and the extent to which, in practice, there are significant departures from such models.

Part C explores the nature of, reasons for, and problems associated with joint working in the state sector. It then considers some of the issues generated where accountability for particular activities or outcomes is shared between two or more organisations. In so doing, we examine the potential options and models for addressing these issues, the lessons that can be learned from previous experience, and the relevant criteria for establishing shared accountability regimes.

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[1] See Hitchiner and Gill from Gill ed. (2011), especially chapters 3-5, for a review of the formal organisational performance management system in New Zealand.

Finally, Part D summarises the paper's conclusions and explores the policy levers available to accommodate new ways of working across public agencies.

Part A: Key Concepts

Accountability is critically important in many spheres of life; the management of the public sector is no exception. Without adequate accountability, the risk of poor performance and the misuse of public resources are greatly increased. Indeed public accountability is a prerequisite for democratic government. Not surprisingly, therefore, a major focus of policy makers within the democratic world in recent decades has been enhancing governmental accountability – including both the political and bureaucratic arms of the state. Under the influence of 'new public management' (NPM) and related managerialist philosophies, a number of common approaches to achieving this objective have been adopted. These include better quality information on what governments do and how they do it, better specification of expected performance (both in relation to individuals and organisations), and improved reporting, monitoring and performance assessment. Additionally, many governments have sought to improve public access to 'official' information, enhance parliamentary scrutiny of governmental agencies, and create new institutions, such as the Ombudsman, to scrutinise the conduct of those exercising public power.

Few countries have been more earnest in their quest for greater governmental accountability than New Zealand. As Schick (1996, p 87) has argued:

> Taking accountability seriously is a genuine triumph of New Zealand public management. Other countries give lip service to holding managers accountable; New Zealand has robust mechanisms in place to enforce accountability.

Similarly, few countries have more fully embraced the principles of the NPM (see Hood, 1990). Yet the extent to which the public management reforms since the mid-1980s have actually enhanced the accountability of New Zealand's governmental institutions remains an issue, and was vigorously contested in the 1990s (see Boston, *et al*., 1996a or b?; Gregory, 1995a, 1995b, 1996; Martin, 1996; McLeay, 1996; Noble, 1995; Palmer, 1987; Schick, 1996; State Services Commission, 1995).[2] Some believe that a great deal has been achieved: government agencies, it is claimed, are now much more accountable, not just in managerial and financial terms but also politically. The allocation of responsibilities between ministers and officials has been clarified and defined. The scope of ministerial responsibility has been narrowed but its focus has been sharpened. And many activities which should never have been the responsibility of public agencies have been privatised or contracted out. There are others, however, who take a more skeptical view. Many responsibilities, it is claimed, remain blurred, if not confused. The doctrine of individual ministerial responsibility has been weakened, if not undermined. Institutional decoupling and the contracting out of many public services has created long, and

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[2] For more recent contributions on contemporary practice see Hitchiner and Gill (2011, Part 2) on the formal accountability system, Lodge and Gill (2011) on changing public service bargains, and Richard Norman (2003, Chapter 8) on political accountability.
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potentially ambiguous, lines of accountability. Further, it is contended that the emphasis of the reforms on enhancing 'accountability' has gone hand in hand with a diminished sense, or understanding, of 'responsibility'.

But whatever the assessment of politicians, officials and informed observers, there remains significant public disquiet over the impact of the reforms on political and bureaucratic accountability. The apparent unwillingness of individual ministers to take vicarious responsibility for the activities of governmental agencies within their portfolio boundaries is the subject of frequent comment. Similarly, concerns are regularly expressed in the media about the lack of accountability of specific public institutions, including the judiciary, the police and various Crown entities (especially those in the health and education sectors). Such concerns have been highlighted by various events over the past few decades, not least the death of 14 young people at Cave Creek in April 1995 (see Noble, 1995; Gregory, 1996).

The nature of accountability

What, then, does 'accountability' actually mean, and how does it relate to the separate notions of 'responsibility', 'answerability' and 'blame'? There is an extensive literature on such matters.[3] In brief, accountability is about a person rendering an account, or answering, to someone else for his or her actions or conduct. As Jones and Stewart (2009, p 59) put it: 'Accountability implies an obligation to explain to someone else, who has authority to assess the account and allocate praise or blame for what was done or not done'.

More specifically, accountability can be thought of in terms of a triadic relationship – 'X' is accountable to 'Y' for 'Z'. For the accountability relationship to operate effectively it is necessary to know who 'X' is, who 'Y' is, and the nature of 'Z' for which 'X' is to be held to account. If any of these elements is missing or unclear, the accountability relationship will be weakened, if not undermined altogether. Hence, as Stanyer (1974, p 14) points out, 'Accountability always embodies a precise logical structure'. Gray and Jenkins (1985, p 138) have advanced the same idea more elegantly:

> To be accountable is to be liable to present an account of, and answer for, the execution of responsibilities to those entrusting those responsibilities. Thus accountability is intrinsically linked to *stewardship*. Stewardship involves two manifest parties: a steward or accountor, that is, the party to whom the stewardship or responsibility is given and who is obliged to present an account of its execution, and the principal or accountee, that is, the party entrusting the responsibility to the steward and to whom the account is presented. There is however a third party in this relationship: the codes on the basis of which the relationship is struck and by which it is maintained and adjudicated.

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[3] See Gregory (2003, pp. 557 – 568) for a short summary and Mulgan (2003) for a longer account.

Drawing on agency theory, Anderson and Dovey suggest (in a thoughtful analysis of accountability and how the concept operates within the New Zealand model of public management) that accountability involves:

> a relationship based on the provision of information about performance from those who have it to those who have a right to know it, either because they have the power to reward or sanction, or because they have a 'right to know'. As a formal device, it includes both agent responsibilities (to inform) and principal responsibilities (to provide incentives – to reward and sanction). Its primary purpose is to close the performance management loop (2003, p 5).

They go on to outline a number of important questions to ask in relation to any accountability arrangement:

- Who will be held to account?
- Who will hold them to account?
- How and when will they be held to account?
- For what will they formally be held to account?
- To what standard?
- With what effect (reward or sanction)?

There are, of course, many different kinds of accountability, each of which emphasises different values: legal (the rule of law), political (responsiveness), professional (expertise), managerial (effectiveness), financial (probity), and so on. In any given context, therefore, it is important to consider which particular form (or forms) of accountability is operative and to what extent it is effective and sufficient (see Stone, 1995). As Mulgan observes, there are many dimensions of accountability (*who, to whom, for what and how)*, stages (*information, discussion and rectification)* and levels (*individual and collective*). 'Many different typologies have been advanced . . . but no one typology has emerged as standard or generally accepted' (2003, p 30).

For public servants in a parliamentary democracy like New Zealand, multiple forms of accountability apply (political, bureaucratic, legal, financial, etc.), together with accountabilities to multiple principals. For instance, departments are accountable to their portfolio minister (or ministers) and to the prime minister and cabinet; they are also accountable to Parliament (typically via select committees), to the courts (for compliance with the law), and to the Controller and Auditor-General (and, at times, other Officers of Parliament). Equally, line departments are held to account by the central agencies, and the State Services Commissioner undertakes performance reviews of departmental chief executives. These multiple relationships are shown in Figure 1 in which the thick lined double arrow represents a broad and strong accountability and the narrow double arrow represents a more limited accountability. In fulfilling their public duties, therefore, public servants face multiple masters and a veritable plethora of reporting requirements and accountability mechanisms. Some are process-oriented and focused largely on compliance; some are

behaviourally-focused and concerned with integrity and probity; while yet others are output and outcome-focused, and are thus primarily concerned with performance.

As Bovens (2007, p 196) observes:

> Over the past decades, this Weberian, or in Britain Diceyan, monolithic system of hierarchical political and organizational accountability relations has been under serious pressure and is slowly giving way to a more diversified and pluralistic set of accountability relationships.

These pressures include strengthened notions of individual accountability (as exemplified by the Nuremburg trials), and the growth of the audit culture strengthening outwards horizontal accountability.

At the same time, it is important, as Jones and Stewart (2009, p 59) argue, not to stretch the notion of accountability inappropriately 'to encompass certain relationships that fall short of genuine accountability'. For instance, in Figure 1 departments and other public agencies in parliamentary democracies are not generally *directly accountable* to citizens, voters, customers, clients, users and stakeholders. They are nonetheless *answerable* to them, at least in the sense of being *responsive* to their needs and interests, including, where appropriate, listening to their concerns, explaining government decisions, undertaking dialogue and providing information. In the absence of the ability to impose direct rewards and sanctions, no formal accountability relationship exists.[4]

Vertical and horizontal accountability

Another important distinction of relevance to this analysis is that between vertical (or hierarchical) accountability and horizontal, lateral or mutual accountability (see Considine, 2002; O'Donnell, 1998). Vertical accountability refers to any relationship involving 'unequals' (i.e. in relation to power, authority or responsibility) where an 'inferior' person (or agent) is directly accountable to a 'superior' person (or principal) for the performance of a particular task. Principal-agent relationships of this kind are extremely common. They occur within all organisational hierarchies (e.g. public organisations, private firms, NGOs, etc.), but also within the political system more generally. Under a Westminster-type system, public organisations are answerable to ministers; ministers in turn are answerable to Parliament; and MPs in turn must answer to voters.

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[4] The use of the term direct is deliberate and important. By direct we are referring to the high powered sanctions and rewards that employers can apply to an employee. At the same time, the success of 'Trade Me' shows the influence of simple mechanisms such as feedback and reputation in generating co-operation. For the purposes of this paper, the effects on reputation are regarded as indirect rather than direct sanctions.
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Figure 1 - Multiple principals
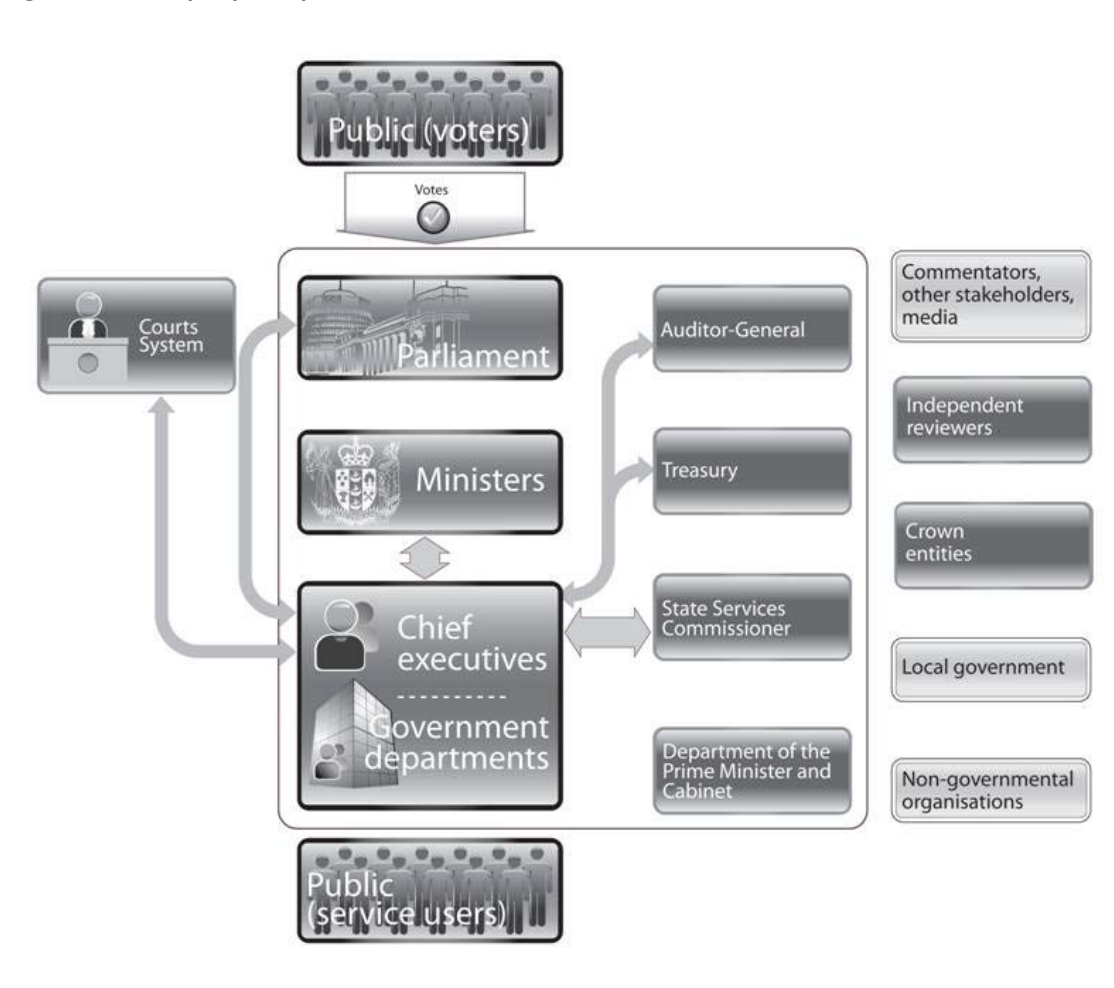
Unlike vertical accountability, the notion of horizontal accountability refers to situations where the people involved are more-or-less *equal* in authority or standing, and where a person (or persons) holds another person (or persons) accountable for their actions or behavior. Such situations arise in various dimensions of life, such as marriage (or marriage-like relationships), partnerships, relationships between nation states, relationships involving professional peers, and so forth. That said, for horizontal accountability to operate effectively, there must be a sense in which the two parties are not on an absolutely equal footing with respect to the matters for which one is accountable to the other. Put differently, the accounting party must, at least in the relevant sphere of competence or activity, be in a position to exercise the power to impose sanctions and rewards[5] often through recourse to external sources of authority. Situations involving horizontal accountability thus entail an asymmetrical relationship of some kind, even if the parties in question are not in a typical principal-agent relationship.

Horizontal accountability can arise in at least two different ways. Outwards horizontal implies accountability of one authority to another of a similar status, such as that of a department of

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[5] Trade Me operates through informal sanction of loss to reputation through negative feedback. We mean sanctions and rewards in a more formal sense, not merely augmenting or detracting from reputation.

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state to the courts system, as shown in Figure 1 above. This can be distinguished from the horizontal accountability which arises where two public agencies work together to deliver a result. Part D will discuss how the accountability for joint working essentially boils down to two possibilities: sole or joint.

To complicate matters further, distinguishing between vertical and horizontal accountability is not always clear-cut. For instance, consider contractual relationships: in theory the parties are equally free not to enter the contract; in practice, however, there may be a dominant seller or buyer. In such circumstances, one party can often largely determine the terms of the contract. Similarly, it might be argued that contracts between governments and non-governmental organisations are inherently unequal. After all, governments can typically exercise considerably more power (legal, moral and political) than parties in the private or voluntary sectors. Is it reasonable, therefore, to regard civil society actors as being equal to governmental actors? Scholars differ in their views on such matters. Irrespective of the answer, it is important to note that individuals (and organisations) can be jointly accountabable for something (e.g. an activity or outcome), regardless of whether they are equal in power. Thus, both equal and unequal parties may be jointly accountable to a superior party. Sharing accountability, therefore, does not entail an equality of power or status, but such inequalities are an important tension that must be managed if shared working is to be effective.

Responsibility

Whereas 'accountability' has primarily to do with rendering an account, 'responsibility' is a much broader and richer concept (see Martin, 1996, p 2). In particular, it embraces the idea that the consequences of a person's action or inaction matter and individuals have certain obligations or duties – moral, if not legal. Thus, as Gregory (1995a, p 19) has put it:

> much more so than accountability, responsibility will usually place a burden of choice on a person; it may sometimes give rise to agonising moral dilemmas; it always demands a capacity for reflective judgement. A person, official or whomever, may give an account of the choices made, but responsibility requires one to contemplate reasons for those choices and to live with the consequences that flow from them. In this sense, therefore, accountability is a necessary but by no means sufficient component of responsibility.

There is another notable feature of the distinction between accountability and responsibility. Whereas accountability implies that a person is answerable to someone else for something, a person can be responsible *for* something without necessarily being responsible *to* anyone for it (Mulgan, 1991). For instance, in a hierarchical organisation – like a government department, police or army – each person has certain functions or duties, and is responsible to a superior for satisfactorily performing them. But, and this is of crucial importance, whereas 'accountability' implies answerability to another person (or persons), the same is not true with respect to 'responsibility'. For instance, the point at which the buck stops, the place of ultimate authority, may be a point of genuine (and possibly great) responsibility without the

person (or persons) who exercise this responsibility being responsible to any other person (or persons).

Thus, as Mulgan (1991, p 4) observes, in the case of a limited liability company, the chief executive is directly responsible to the board and the board, in turn, to the shareholders. But the shareholders, although they bear ultimately responsibility for the fate of the board and the company, are not responsible to anyone. Likewise, in a parliamentary democracy some claim that the final political authority lies in Parliament, others that it rests with the people. If it is the people, then, it can be said that the people are collectively responsible – in a broad sense – for the government of the country, but they are not responsible to anyone else. Or, to use a more metaphysical example, one could say that God – assuming that God exists – is responsible for the created order but that God is not responsible or accountable to anyone else. If there are serious problems with the nature of the world, there is no one to whom God must render an account. God is thus responsible but not accountable.

Note that the terms 'responsible' or 'responsibility' can have a number of different meanings, depending on the context. For instance, a cabinet minister can be seen as having the *authority* (or responsibility) to govern, a *duty* (or responsibility) to govern, a duty to govern *prudently* (responsibly), and a duty to govern *on behalf of others* (responsibly). A minister is also *liable* or *culpable* (responsible) for his or her decisions. It is important in any situation, therefore, to be sure about the nature of the particular 'responsibility' to which one is referring.

Sources of confusion

The problem of determining who is responsible (or accountable) for what and deciding what should be done when things go wrong is frequently the subject of confusion. This is no less the case in government than in other spheres of human endeavour. In fact, there are some particular features of government – including size, institutional complexity, multiple and overlapping jurisdictions, the nature of the tasks being undertaken, and so on – that make it all the harder to determine where responsibility lies and to call individuals to account. Aside from the issues of joint or shared accountability (which are addressed later), there are at least five important sources of confusion surrounding accountability in the governmental arena:

- a failure by the principal (e.g. a minister) to specify what is required of his or her agent (e.g. a departmental chief executive);

- a failure to understand the nature of the responsibilities attached to particular roles;

- a failure to distinguish responsibility and blame;

- a failure to recognise the difficulty in many situations of locating (or allocating) blame and applying sanctions; and

- a failure to recognise that in the event of evidence of maladministration the absence of a resignation does not imply that people have failed to exercise their responsibilities or that no one has been held to account.

The first of these reasons – the problem of performance specification – is well documented and readily understood. This does not always mean that there is a simple solution. It is often difficult, if not impossible, to specify precisely what is required and how performance will be assessed. Such problems are an inherent aspect of the difficulties affecting certain public sector organisations. Indeed, many activities are located within the public sector precisely because they involve serious problems of contract specification, monitoring and enforcement (e.g. policing, defence, the conduct of diplomacy, etc.).

Second, individuals have a number of different kinds of responsibilities. Many of these are associated with the particular *role* or *roles* that are being performed (e.g. the role of parent, employer, representative, etc.) (see Mulgan, 1994, p 142). Those who lead organisations – whether they are a departmental chief executive, school principal, newspaper editor or a managing director – have very broad and demanding *role responsibilities*. In effect, they are responsible for everything that goes on within their organisation. This includes a duty of care for their employees, as well as for those affected by their organisation's operations (e.g. students, clients, customers, or members of the public).

Third, there is often a failure to distinguish between responsibility, on the one hand, and blame or culpability on the other (see Holmes, 2010). Some people appear to think that if 'X' is responsible, then 'X' is automatically to *blame*, personally, directly and morally, if something goes wrong. Hence, if a minister is politically responsible for the administration of his or her department, it is assumed that the minister is personally to blame, and thus morally culpable, whenever mistakes are made by departmental officials. But such a view confuses the notions of responsibility and blame. One can be responsible for something without necessarily being to blame. This was the position of Bob Semple (the Minister of Works) in defending his position in response to the Turakina-Fordell tunnel disaster of 1944. The minister's position was essentially, 'I am responsible but not to blame'. Of course, if a minister has personally contributed to a mistake being made (whether through acts of commission or omission) or directed officials to do something which was plainly wrong, then he or she is both responsible and to blame.

Fourth, when things go awry there can be significant difficulties identifying who is to blame, determining the appropriate sanctions and then applying these sanctions. The recent regulatory failure surrounding leaky buildings provides a good example of the complexities involved. Leaky buildings were not due to a simple cause like technology failure. Rather, they were the outcome of a complex interaction of new technologies, new regulatory standards, installation practices (the use of sealants), lack of awareness of the 10cm clearances, new products (untreated timber), a lack of owner maintenance and so forth (Mumford, 2011).

More generally, difficulties in allocating blame can arise because the evidence may be unclear or insufficient, and/or the large number of people implicated (with varying levels of responsibility), and/or legal difficulties surrounding the application of particular sanctions, and/or strong pressures to avoid actions which will cause political embarrassment. Alternatively, there may be political pressures for 'heads to roll' even though such action is unjustified. Within a Westminster-type constitutional framework, there are particular difficulties associated with the allocation of responsibilities within the cabinet (e.g. is the problem in question a matter for collective responsibility or individual ministerial responsibility or both?) and also between ministers and government agencies (e.g. if a departmental blunder has occurred partly, it seems, as a result of underfunding, how should the respective political and managerial responsibilities be assigned and what sanctions should be applied and to whom?).

Finally, there is a widespread view, certainly in New Zealand, that in the event of evidence of maladministration, someone – and preferably a minister – ought to resign. Only a resignation is seen as providing evidence that responsibility has been taken and that the associated guilt has been expiated. While such a view is understandable, it fails to recognise the range of sanctions that apply in the public realm (including the loss of reputation or a loss of votes by the government at a subsequent election) and that resignation, as the ultimate sanction, is only appropriate in a limited range of circumstances. Arguably, ministerial resignations are rarely appropriate for matters over which ministers are vicariously but not directly responsible, unless the issues in question are very serious (see McLeay, 1996). On the other hand, a resignation would be proper when a minister has deliberately lied to Parliament or sought to secure improper personal advantages from the exercise of his or her ministerial authority.

PART B: Vertical Accountability and the New Zealand Model of Public Management

This section outlines the key features of the New Zealand model of public management, in place since the late 1980s, which attempted to emphasise formal, vertical, straight-line accountabilities (and their related unbroken chains of command). We then draw attention to a series of complications and limitations with respect to vertical accountability within a Westminster-type parliamentary democracy.

The New Zealand model for public sector management reform introduced in the late 1980s and early 1990s has been extensively studied, resulting in enthusiastic reviews and critical commentaries. As Boston et al (1996a, p 382) observe, since the mid 1980s, 'virtually every aspect of public management in New Zealand has been redesigned, reorganised, or reconfigured in some way'. Unlike the public management reforms in some other jurisdictions, the quest for greater accountability was a fundamental driver of the New Zealand reforms. To quote Schick (1996, p 9), 'Accountability has not been an afterthought in New Zealand, as it has in other countries that have implemented reform. Instead it has been robustly designed as an integral feature of the reformed public service'. A key premise on which the reforms relied

was that with effective accountability systems in place, robust performance information would generate better performance.

We will not traverse the political or theoretical origins of the reforms during the 1980s and early 1990s since these have been well covered elsewhere (e.g. Boston et al, 1996a). Instead, we explore the emphasis of the reforms on accountability. While the reforms introduced a number of innovative and path-breaking changes, there was also considerable continuity. In particular, New Zealand had enjoyed a long tradition of a non-partisan public service and a lack of ministerial involvement in staffing matters, and these features were retained. Indeed, some would argue that they were strengthened by the reforms.

Of the essential elements of the previous administrative system that were embraced in the new regime, three deserve particular mention:

- The role of the State Services Commissioner in appointing and overseeing the performance of departmental chief executives;
- The importance of ministers not interfering with the day-to-day operations of their departments; and
- The requirement for departmental chief executives to demonstrate consistently and constantly their 'serial loyalty' to ministers and the government of the day (Hood and Lodge, 2006).

The first complication to the simple vertical cascade (i.e. from voters to Parliament, to ministers, to departmental chief executives and then to their department) is the role of the State Services Commissioner in appointing and reviewing the performance of chief executives. Interestingly, given the importance of accountability to the formal system, the State Sector Act 1988 does not provide a clear answer to the question of to whom a departmental chief executive is accountable.[6] Under the Act, the State Services Commissioner is the employer of all public service departmental chief executives on behalf of the Crown. The Act established a complex triangular relationship between departmental chief executives, ministers, and the State Services Commissioner. In short, departmental chief executives have a dual accountability – to the Commissioner in respect of their standard of probity and integrity and to their responsible minister in relation to organisational performance (see Figure 2). The Commissioner's primary focus within this triangular relationship has been to enable the relationships to operate as effectively as possible. More specifically, the Commissioner has been concerned to establish minimum standards of probity, integrity and conduct for chief executives and their staff, and review chief executive performance on behalf of the responsible minister. In his Annual Report for the year ended 30 June 2001, the then Commissioner, Michael Wintringham, commented on the triangular employment relationship, as follows:

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[6] The material is this section is drawn from a recent review of organisational performance management in the New Zealand state sector (Gill, 2011) – see Part 2 by Hitchiner and Gill for a longer treatment of the issues.
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although the chief executive is *employed by* the State Services Commissioner, he or she *works for* their Responsible Minister. I can think of no other employment relationship where the terms *employed by* and *works for* are not synonymous (SSC, 2001, p 5, emphasis in original).

Figure 2 - Triangular accountability relationships
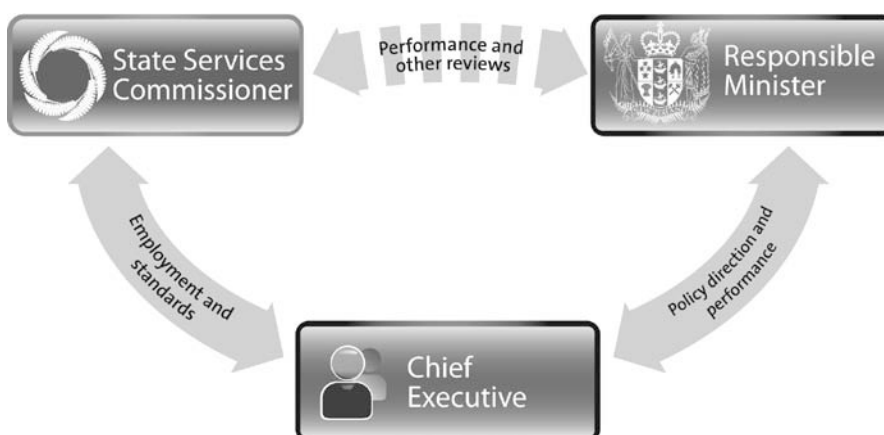
The State Sector Act 1988 is explicit about the general duties and powers of chief executives, and implies a prohibition on ministers' involvement in departmental staffing matters. Parliament's Standing Orders also set out some aspects of ministers' roles and responsibilities in relation to Parliament. On operational matters, convention as codified in the *Cabinet Manual* imposes greater restrictions on ministers than those set out in legislation. The *Cabinet Manual* (2008, para 3.5) states that:

> Ministers decide both the direction and the priorities for their departments. They should not be involved in their departments' day-to-day operations. In general terms, Ministers are responsible for determining and promoting policy, defending policy decisions, and answering in the House [of Representatives] on both policy and operational matters.

Hence, a departmental chief executive in New Zealand is responsible (in accordance with S.32 of the State Sector Act and other relevant legislative provisions) for ensuring that the department operates efficiently and effectively, that the responsible minister is provided with policy advice, and that the staff of the organisation carry out their duties to obey the law, implement government policies, and follow departmental rules and guidelines. If something goes wrong within the department, the chief executive is answerable to his or her minister and is responsible for putting the matter right and ensuring that the same mistake doesn't happen again. If chief executives fail to fulfill such responsibilities, they face the prospect of being dismissed, or at least not being reappointed when their employment agreements expire. The

Commissioner plays a central role both in reviewing what went wrong and in managing the performance of the chief executive in question.

The second complication to the simple vertical cascade (i.e. from voters to Parliament, to Ministers, to chief executives, etc.) is continued fuzziness in the respective roles and responsibilities of ministers and chief executives which inevitably results in some accountability issues. In a parliamentary democracy like New Zealand, ministers are *politically* responsible (to Parliament and the public) for what their departments do, while chief executives are *managerially* responsible for the operations of their departments. Necessarily, these respective responsibilities overlap; they cannot be precisely delineated, as if chief executives' responsibilities begin only where those of ministers' end (or vice versa). As Schick (1996, p 42) has rightly put it:

> Fuzziness is inherent in an arrangement that assigns political risk to the Minister and managerial discretion to the chief executive . . . as long as both the Minister and the chief executive have their hands on the rudder, one or both may be called to account, even when one has limited control over the other's actions.

Such shared and overlapping responsibilities are inevitably the source of some confusion and tension. Some people appear to assume that if person 'X' is responsible for 'A', then person 'Y' cannot also be responsible for 'A'. Hence, if a departmental chief executive is responsible for the management of a department, then a minister cannot also be responsible. The implication, in other words, is that there can be no shared or joint responsibility for departmental administration. But such a view is erroneous. There are many areas of life where responsibilities are shared between two or more people – boards of companies and the rearing of children are obvious examples.

It is sometimes argued that under the new model of state sector management, ministers are responsible for choosing *outcomes* and selecting *outputs* to achieve these outcomes, while chief executives are responsible for producing the outputs purchased by ministers in accordance with the relevant purchase agreement. Ministers, according to this view, are no longer in any sense responsible for the management of their departments; these responsibilities now rest solely with chief executives (see State Services Commission, 1997, p 5). Such a construction is, of course, a restatement of the old policy/administration divide. According to this view, ministers are only responsible for policy matters; they are not responsible for matters of administration. These are the rightful domain of departmental heads.

But again, such a view fails to understand the broad nature of a minister's role responsibilities as the *political* head of a department within a parliamentary democracy. This role carries with it the political responsibility for everything the department does, or fails to do, in carrying out the policies of the government and administering the laws of the country. As such, ministers are answerable to Parliament and the public for the activities of their departments, whether or not they have knowledge of these activities. Hence, if a department is clearly operating

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inefficiently, the relevant portfolio minister must explain to Parliament what is going on, why it is going on, and what will be done about it. And the minister must, as part of his or her role responsibility, ensure that something is actually done to put things right. In short, ministers have *explanatory* and *amendatory* responsibilities.

The third complication to the simple vertical cascade is the lack (in most cases) of a simple one-to-one relationship between ministers and their departments in New Zealand. Unlike comparable jurisdictions, including Australia and the United Kingdom, where departments serve only one minister, the situation in New Zealand is relatively complicated. Three distinct arrangements can be observed. The most common is where one department serves multiple ministers across a range of portfolios (e.g. the Ministry of Social Development in mid 2011 had three Cabinet ministers with five different portfolios between them). The second most common arrangement is where a department has only one minister (e.g. the Solicitor General works solely to the Attorney General). The least common arrangement is where one portfolio is serviced by two or more departments (e.g. in the past the Minister for Bio-security was served by two departments). Almost all large departments in New Zealand have multiple portfolio ministers, one of whom – the 'responsible' minister – has overall oversight of the performance of the department. Leaving aside the difficulties of achieving co-ordination in the face of so many political masters, the fact that many departments serve more than one minister raises issues of multiple accountabilities.

A fourth complication has arisen since the introduction of proportional representation in the mid-1990s, namely the establishment of coalition governments with ministers drawn from two or more parties. This means that chief executives and their departments not only serve multiple masters but also masters from different parties. This does not present particular difficulties when the coalition is cohesive and the relationships amongst the ministers are cordial. But this not always the case, particularly as the coalition comes under strain. Various dilemmas can arise. For example, what should a chief executive to do if a portfolio minister from a minority party asks him/her to do 'x' but not tell the central agencies or ministers from the major party? Is the chief executive primarily accountable to his/her minister or to the government as a whole? Arguably, the answer is that the chief executive is primarily accountable, in such circumstances, to the cabinet. As such, he or she should inform the head of the Department of Prime Minister and Cabinet about what the minister has asked and their request for secrecy.

Thus, while the New Zealand model of public management emphasizes increased clarity of formal, vertical, straight-line accountabilities, in practice there are limitations to vertical models of accountability within a Westminster-type parliamentary democracy. In the New Zealand context these include the triangular relationship between minister, departmental chief executives and the State Services Commissioner, the continued fuzziness in the respective roles of ministers and the chief executives, the lack of a one-to-one relationship between ministers and departments, and the complexity of working under MMP. In practice, these represent significant departures from simple, formal, vertical, straight-line accountabilities.

PART C: Horizontal Accountability and the New Zealand Model of Public Management

In this part of the paper we explore the nature of, reasons for, and problems confronting, joined-up government. We then examine the nature of joint or shared horizontal accountability, and some of the issues generated where accountability for particular activities or outcomes is shared between two or more organisations. The literature on networks distinguishes between externally governed networks (such as the body overseeing the allocation of domain names ICANN or Internet Corporation for Assigned Names and Numbers) and participant governed networks. Our concern is with *participant governed networks* – in particular what Provan and Kenis (2008, p 235) call shared participant governed and lead organisation governed networks or joint work arrangements.

Joined-up government: the whys and wherefores

But first, it is useful to distinguish between joined-up government (i.e. joint working by government agencies) and joined-up governance (i.e. jointly deciding policy matters with civil society). Joined-up or collaborative governance involves engaging with and empowering citizens/clients/businesses in the process of decision making on policy development and/or service delivery. Joint working often involves a degree of collaborative governance, but it need not. The classic functions of the state include providing internal and external security through protection of borders from foreigners and the detection and incarceration of domestic criminals. These functions may be more effectively achieved with joint working. However, they do not require collaborative governance; indeed, that may impede effectiveness. The focus here is on joint working within government rather than joined-up governance.

Bear in mind that the default way of working for state servants in New Zealand is within their organizations and report vertically. This is confirmed by the survey conducted as part of the *Management for Performance* project which indicated that joint working is the exception rather than the rule. To illustrate, managers were asked how much time they and their staff spend on various activities including managing joint projects or relationships with other organisations. Some 24% of managers reported that a lot or nearly all of their time is spent working jointly (Gill, 2011, p 384). In general, that percentage was lower than for direct services, directly enforcing regulations, reporting, and internal services, but higher than for policy advice and managing contracts with providers.

According to Pollitt (2003), a 'must-have' for success in working across organisational boundaries is a *selective* approach to ensure joint working is used where potential benefits outweigh risks and costs, and where issues are significant and specific.[7] In a sense the first question to address is *whether* to work together. The default option in the guidance provided

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[7] The other two must haves were *long-term* relationships to facilitate skill development, trust building, participation and a *cooperative* approach, not imposed from the top.
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by the State Services Commission (SSC) in 2004 on the subject was, in effect, 'don't work collaboratively unless you have to.'

Horizontal sector leadership meets vertical accountability

Cabinet, as part of a range of initiatives aimed at transforming state sector performance, formally mandated in 2010 that the Ministry of Social Development (MSD) assume a sector leadership role in the social sector, spanning health education and justice for delivering 'outcomes focused social services' http://ssc.govt.nz/sites/all/files/cabpaper-lifting-performance-and-service-delivery_0.pdf. This mandate raised accountability questions as the Chief Executive (CE) of MSD was to be accountable for ensuring that barriers were identified and removed and the mandate had the potential to cut across other CEs' accountabilities. In turn, this raised questions about how the responsibility should be reflected in the formal accountability documents.

In the New Zealand system the *Output Plan* and the *Statement of Intent* are largely framed in terms of vertical responsibilities. The expenses involved in cross sector leadership are insignificant compared with the overall vote for Social Development, so the risk was that the role would receive no explicit recognition in the formal system.

After tensions of the cross sector leadership role were reviewed in 2010 with Treasury and State Services Commission, formal accountability emphasizing 'capability' and 'activity' was adopted. The initial focus was to learn from pilot projects intended to improve outcomes for young people, and which could be expected to stretch current legal, contracting and financial systems.

Accountability for such cross sector work would be reporting on progress against such joint work, with this work agreed with Ministers and resources shared across agencies but with the Ministry of Social Development taking the lead to ensure progress with the projects. See pages 10-12 of the MSD SOI. https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/corporate/statement-of-intent/2011/msd-soi-2011.pdf In a sense this is a Procrustean bed, a forced fit to an existing standard, by using a work around to fit a horizontal role into a vertical framework. There was no formal recognition of the followership responsibilities of the other agencies in their respective departmental accountability documentation.

Yet joint working is still significant within the New Zealand government. It arises in the modern state because of boundary problems caused by the way bureaucracies are structured into multiple organisations and by the use of a multitude of arms-length and third-party providers to deliver publicly-funded services. These boundary problems are inevitable regardless of how the government organises itself and contracts for services. This is because the relationships between citizens/business and the state are complex and multiple, with a preponderance of many-to-many, rather than tidy one-to-one, relationships. To illustrate, consider the different

state agencies with which citizens must interact when they face a major life event such as if they move towns, from education to work, from welfare to retirement or experience a major change in health status.

Moreover, the literature suggests that there is an increasing need for joint working across the state sector, not least because of several major drivers:

- Growing interdependencies: for instance, the drive for improved alignment in response to trends (that long predate new public management) for more publicly-funded services to be delivered by third-parties.
- Rapid technological change: for instance, new technologies are enabling real-time collaboration (authentication) and open systems are allowing greater integration opportunities (e.g. Ministry of Agriculture and Fisheries (MAF) and Customs have common IT system at the border). The effect of many new technologies has been to change the transaction costs of joining up relative to operating as a hierarchy or silo.
- Increased expectations of citizens and business for integrated services: citizens expect government to provide the same sort of integrated on-line services (such as drivers licensing) as occur in the private sector.
- Increased complexity in the issues that governments are required to address: this involves a move from the machine-age problems (e.g. paying benefits on time) to the wicked problems of post-industrial societies (e.g. family violence and dysfunctional families). Addressing wicked problems is likely to require the involvement of a number of players, with a growing realisation that 'we can't do it on our own'.
  Increased reach of the domain of government: the state has continued to expand from its classical origins, where the focus was largely limited to internal and external security, to the modern state with the emphasis on the four well-beings (i.e. social, cultural, economic and environmental).

Currently in New Zealand, there are three other immediate imperatives for increased inter-organisational collaboration:

- The fiscal driver to do more with less;
- The need to respond to unexpected events such as natural disasters, not least Christchurch's major earthquakes; and
- The need to develop coherent responses to the big, longer-term policy challenges facing New Zealand, such as enhancing labour productivity, coping with an ageing population and decarbonising the economy.

Public agencies can respond to the need for joint working in a number of ways since joint working varies on a number of dimensions:

- Duration – temporary (e.g. taskforces), intermittent (ad hoc groups), and permanent (standing committee);

- Focus – mainly policy development, mainly service delivery, or both policy and service delivery;
- Societal reach – central, regional, or local government, NGOs , for-profits, independent observers and experts;
- Vertical reach – to chief executive or ministerial oversight;
- Horizontal reach – membership that is open versus closed, narrow versus wide, the role (if any) of the central agencies, etc.;
- Breadth – limited focus on specific transactions versus wider focus on shared outcomes;
- Orientation and purpose – simple commitment to alignment of activities and outputs versus commitment to more complex common outcomes; and
- Depth – ranging from communication to co-operation, co-ordination, to collaboration.

To illustrate the last point, an earlier EIP project on 'joined-up government' used a continuum of connectedness for different types of joint or cross-agency working. As Figure 3 shows, the extent of joint working can include: communication (shared information) such as the Justice Sector Information Strategy; co-operation (shared resources) as exemplified by the National Maritime Co-ordination Centre; co-ordination (shared work) such as authentication; and collaboration (shared responsibility) to achieve joint outcomes, such as integrated service delivery in Papakura (Eppel et al., 2008).

Within each of the different types of joint working discussed above there are a number of dimensions of choice about how the joint working should be governed and these will have corresponding accountability implications. Choices in how to govern include a range of hard factors (e.g. are they the right group?) and soft factors (are they governed right?). The 'hard' factors include choices on a number of dimensions, such as:

- Structure – is a structure established and if so is it an ad hoc inter-departmental committee (IDC), a standing IDC, or a task force?
- Decision rights – advisory or decision making?
- Participants – open versus closed, narrow versus wide, expert to broader public, required level (for decision-making,) skills and competencies?
- Formal mandate and commissioning – a formal top-down signoff (e.g. from ministers, chief executives or senior management) or a group that emerges and morphs driven from the bottom-up by the participants?
- Formality of rules – explicit terms of reference, clear goals, roles and accountabilities?
- Processes – use of contracts, project plans, formal agendas, etc.?
- Leadership – of process as well as content. There are number of dimensions of leadership including personal leadership (understanding self and others), team leader (building the group), visionary (creating and communicating shared vision), ethical leadership (adjudicating disputes and sanction conduct), and entrepreneurship support structures – e.g. is there a formal dedicated secretariat or

a revolving secretariat? What are the systems for setting agendas and knowledge management?

- Staff – are there explicit staffing positions established and are they filled by secondments, temporary or permanent appointments?
- Resources – is there an explicit budget?
- Mode of control – is control to be predominantly person-centered, formal bureaucratic, output-based, cultural/clan based or reputation-based?
- Priorities – how to resolve the inevitable tensions between the vertical organisational priorities and the horizontal pressures arising from the joint work?
- Performance information – what information will be available on activities, outputs and outcomes?

Figure 3: Depth of shared work and implications for accountability
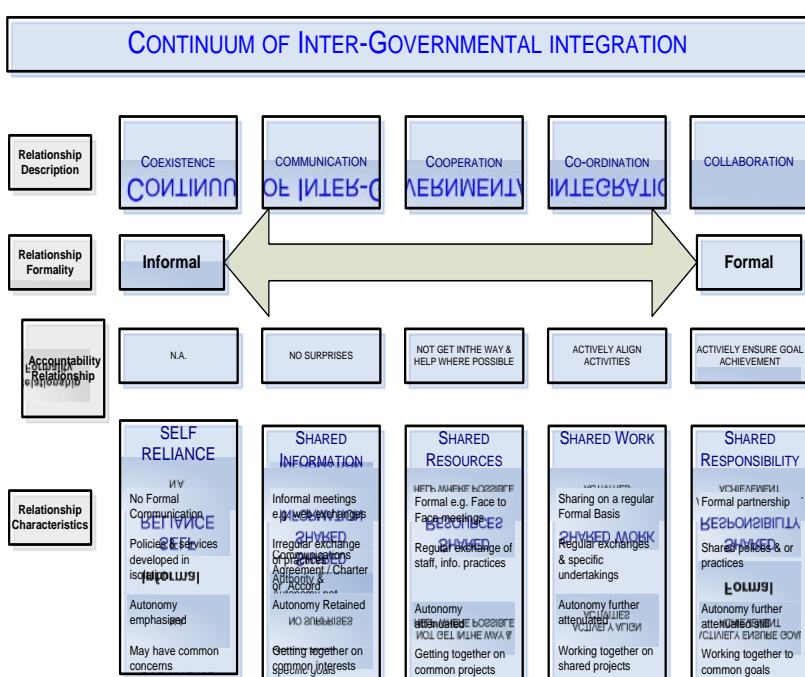
The design of hard governing arrangements will depend crucially on the context and the issue at hand. The key 'hard' choices in the design of institutional arrangements are between externally governed and participant governed arrangements, and within the later between shared participant governed and lead organisation governed joint work arrangements. But other hard factors that some suggest are critically important,[8] often turnout on closer examination to be relatively unimportant. For example, a formal top-down mandate from the Cabinet, while it might be a useful supporting condition, is neither a necessary nor sufficient condition for joint working to be effective. In addition to these hard systems to do with administrative capabilities, there are also soft factors to do with creating the social capability

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[8] SSC (2008 p 64).

and positive group dynamics and behaviors. The latter are crucial for building trust within the group as well as outside legitimacy. These soft factors include:

- The initial conditions – whether there are relationships, processes or structures already in place;
- The distinctive phases of the group dynamics, starting, getting together, working together, sustaining – and how the group's resources need to be augmented by learning and organisational support (see Eppel et al 2008);
- Dealing with the diversity of institutional logics and perspectives and building alignment in world view or a shared conception of the problem;
- Framing and reframing the issues to build a shared purpose, shared problem, shared vision, and shared sense making;
- Power – are differences in relative power managed?
- Leadership – is there shared leadership responsibilities or a lead agency? If there is a lead agency is it the largest dominant agency or another party?
- Followership – the role of personalities in influencing group behaviors and norms;
- Path dependence – getting early runs on the board that lay the foundations for the longer haul;
- Managing conflict;
- Dealing with emergences and emergent issues and
- How key roles – guardian angels, public entrepreneurs, and fellow travelers – were enacted (see Eppel et al 2008).

The soft factors are often the hardest to address in working together effectively. For example, the soft choices about the style of operating joint arrangements to deal with the diversity of institutional logics and building a shared conception of the problem will be crucial to the effectiveness of joint working. (There is a companion IPS Working Paper 11/6 discussing the changes in skills and capabilities that will be required.) In addition to the skills, without a shared narrative based on shared view of the problem and purpose, interagency working will be trapped in low level co-existence and communication. The next section considers the alternative possibilities for accountability that different structures allow.

Shared accountability

As previously highlighted, joint or shared accountability is very common in many spheres of life. Within democratic systems of governance, it is more the norm than the exception. The doctrine of collective ministerial responsibility, for instance, lies at the heart of the constitution in a Westminster-type parliamentary democracy; cabinet ministers are *collectively* responsible for what the government decides (or fails to decide). This applies irrespective of how decisions are actually taken in practice. Likewise, in many federal jurisdictions, power is shared across multiple tiers of government. In such circumstances, the different levels of government are jointly responsible for the delivery of particular services or the undertaking of certain functions.

With joint work the big question is whether accountability should be concentrated (in one person or organisation) or diffused across a number of actors. Thus two main models can be envisaged – concentrated responsibility and accountability where sole responsibility rests with one actor, and shared responsibility and accountability which is dispersed across the group. Where accountability is shared each answers for their own part but reporting is fragmented and no one is responsible for reporting the whole (unless integrated reporting is explicitly provided for). Where one participant takes the lead role (at least with regard integrated reporting), then reporting is integrated but answerability for actions remains dispersed.

There are a number of advantages and disadvantages in different accountability arrangements for shared work. Mulgan argues that accountability under 'networks are superior in generating information and discussion while hierarchies are better about rectification' (2003, p 235).

Situations entailing joint accountability can obviously generate a number of problems with rectification because of the lack of clarity about who exactly is responsible when things go awry. Additionally, the parties may engage in buck-passing and blame-shifting. As Jones and Stewart (2009, p 63) highlight, there is a risk that 'Shared accountability becomes, in practice, joint irresponsibility, where no one is accountable'. Other problems may arise if the different principals to whom the various agents are accountable have differing expectations about performance, contrasting subordinate goals, or different information and reporting requirements. Other things being equal, such problems grow exponentially as the number of organisations (and related principals) grows.

Figures 4 and 5 outline different cases where more than one organisation is responsible for a particular activity or outcome. In Figure 4, two organisations are responsible, but they serve a common principal. Accordingly, accountability relationships in such a situation are relatively straightforward. By contrast, in Figure 5, there are four agents responsible for a particular activity or outcome, but they serve separate (and potentially competing) principals. In such a situation, there are much greater coordination and accountability issues.

There are four critical questions that need to be considered in developing the institutional design and the associated accountability arrangements for particular activities: depth, co-ordination and alignment, complexity, and separability.

The first question concerns the depth of joint working required. Figure 3 shows the continuation with different accountability and responsibility implications depending upon the depth of joint working. At one extreme communication involves a limited negative duty of no surprises while at the other extreme – collaboration involves a positive duty to deploy resources at your disposal to ensure success if possible. In the case of communication and co-operation there are no significant accountability implications. Clear accountability follows hierarchical control and the resources remain under the control on the individual agencies that undertake defined tasks. Higher intensity joint working raises more complicated accountability issues because of the interdependencies. Responsibilities are shared rather than clearly

separated and there is reliance on others over whom one has no direct control and limited ability to impose sanctions or provide rewards. The rest of this paper will focus on the higher intensity joint working involving collaboration and co-ordination.

The second question concerns the level of co-ordination and alignment. The mathematics of network size provides the intuition for problems of co-ordination and alignment. For each additional node added to a network, the number of links between member organisations grows exponentially. Shared governance of networks relies heavily on trust and this is harder to sustain the larger the number of actors. Provan and Kenis (2008 p 241) argue that a shared governance network is more likely to be effective when 'there is relative few network participants, where network level goal consensus is high, and network level competencies is low'.[9] By contrast, they suggest 'lead organisation network governance will be most effective when trust is narrowly shared . . . there are a relatively moderate number of network participants, when . . . goal consensus is moderately low and the need network level competencies is moderate'.

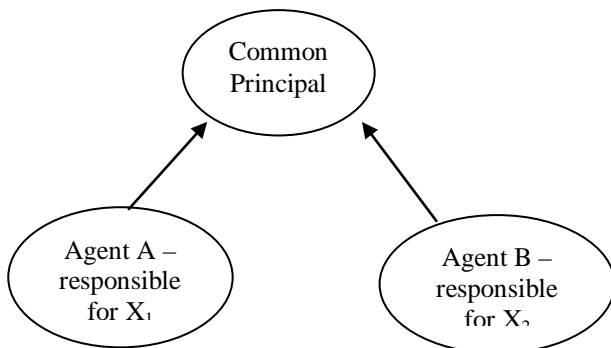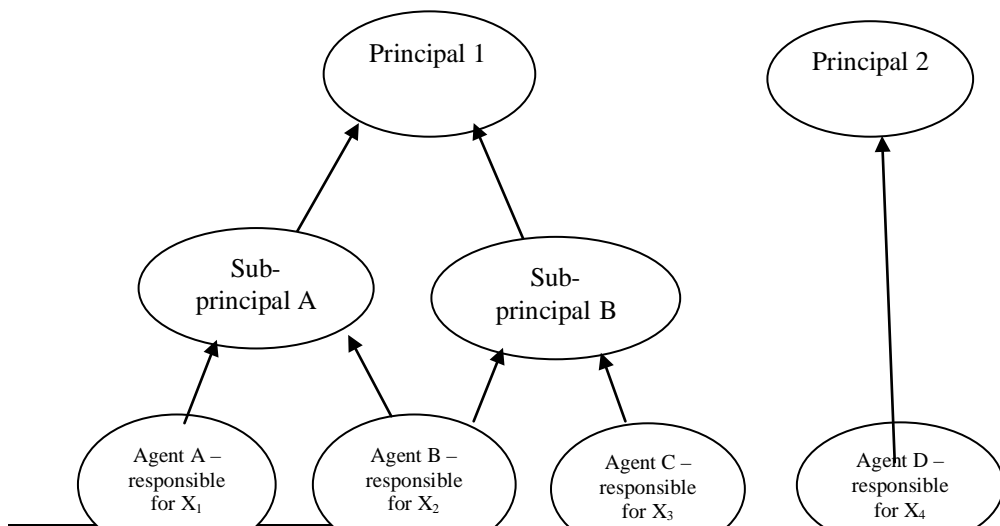**Figure 4: A simple case of shared accountability**

Figure 5: A more complex case of shared accountability

[9] Network competencies are defined as task skills members 'may not possess like grant writing and quality monitoring' (ibid. p 241).

Governance leadership (and followership) are critical components of successful joint working (Bryson, Crosby and Middleton, 2006). In practice, in New Zealand one observes a number of models in operation to address the governance and leadership of joint working networks. These models include – shared joint leadership as in the case of 'Strengthening Families' where there was no fixed secretariat or designated leader, lead organisation leadership which in the case of the Social Sector Forum has been formally mandated by Cabinet, and minor agency leadership in the case of the National Maritime Co-ordination Centre where the Customs Department was selected to provide honest broker leadership of the network[10].

The third question concerns the level of complexity of the policy problems and the extent to which the choice and mix of activities required can be reliably known in advance. Figure 6 shows how policy problems can be delineated according to the stability and knowability of the cause and effect relationship of the problem being addressed.

- Known issues are 'tame problems' in the sense that cause and effect are knowable in advance and are stable and predictable. The solutions are knowable, but may not have been implemented because of difficulties of bridging the boundaries between organisations.
- Knowable issues are 'expert problems' which can be centrally driven, using expert systems for service delivery based on output and outcome measures.

On the right-hand side of Figure 6, the world operates in ways that effective working across boundaries can be driven off evidence-based policy or good practice based on intervention logic, output and outcomes measurement and the use of relational or classical contracts to acquire services.

On the left-hand side of Figure 6 relationships between cause and effect are not knowable in advance and relationships are not necessarily stable and predictable. This is the world of complexity and chaos:

- Complex issues are 'wicked problems' which are more likely to require a decentralised approach using tacit knowledge and partnerships.
- Chaotic problems are 'intractable problems' which require a decentralised approach based on tacit knowledge.

A particular tension arises because the timeframe for the accountability system can be annual or shorter while the timeframe for the evolution of complex issues can be much longer.

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[10] See Appendix 1 from Eppel et al (2008) for a longer discussion of the National Maritime Co-ordination Centre and the contrast shared leadership under Integrated Case Management in South Auckland.
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Figure 6: Types of policy problems
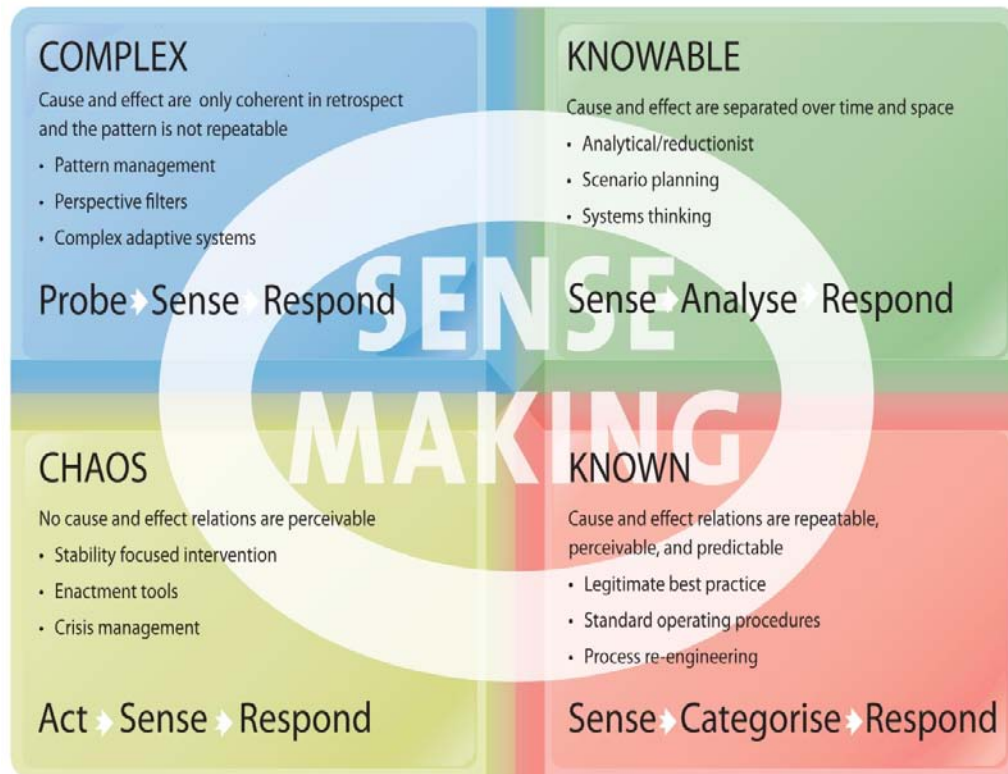
Source: Gill et al. (2010 p 26) adapted from Kurtz and Snowden, 'The Dynamics of Strategy', *IBM Systems Journal* 42(3) 2003, p 468.

The design of the institutional arrangements for joint working will depend upon the stability and knowability of the cause and effect relationship of the problem being addressed. In the world on the left-hand side, measurement is more likely to be useful if it focuses on learning (detecting patterns). There is no stable intervention logic or measures and the outputs required cannot be reliably known in advance. Rather, it is a zone where joint working is possible, indeed essential, but is more likely to be goal-orientated, emergent and more spontaneous.[11] As properties are emergent then activities undertaken will need to morph as events change.

The fourth question concerns the separability of the activities. Consider the vexed case of acquiring and managing military capabilities. There are six somewhat overlapping but distinct phases in the life of each capability – the strategy policy decisions, development of capability specifications, acquisition, introduction into service, operation and maintenance in service, and decommissioning and disposal. The provisions of the Defence Act 1990 currently mean

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[11] See Eppel et al. (2008, p 18) and in particular IPS Future State Paper No 4 for an extended discussion of policy experimentation and learning.

that the Secretary of Defence is primarily accountable for the strategic policy phase and the acquisition phase and the Chief of Defence Force is primarily accountable for the other phases. But the reality is often more complicated than that because information and expertise must often be shared and because hold-up problem can arise. As was evident in the late 1980s and early 1990s, the Secretary can't deliver on his or her accountabilities without the active co-operation of the CDF. To achieve good outcomes, it is essential that they work together effectively.[12]

Hence, a key question arises: can performance of individual discrete activities be adequately specified and measured separately? Where activities are clearly separable, then sole accountability achieves clarity of accountability for rectification. Where responsibility is shared then fuzzy accountability for remediation inevitably results. However, fuzzy accountability may be the price that must be paid to get the gains from commitment to shared action.

Part D: Conclusion – the Implications for Practice

By international standards, New Zealand has enjoyed a relatively high level of governmental accountability for many decades. This comment applies to all levels of government (i.e. national and sub-national), and equally to the political executive the administrative arms of the state.

Under the Westminster system of government that was in place in New Zealand from 1912 to 1989, political legitimacy and accountability stemmed from the electoral system which gave the right to govern. In this world, accountability was organised hierarchically and official accountability was concerned with probity and rule-following to achieve the policy goals set by ministers. The reforms to the New Zealand state sector of the late 1980s extended accountability to include performance. But it was based, like the system it replaced, on a presumed separation between politics and administration with ministers having responsibility for outcomes and officials having responsibility for the production of agreed outputs.

> The reforms to the state sector over the past few decades have unquestionably brought further improvements to the arena of governmental accountability – via greater transparency and openness, better information, greater specificity of expected performance, improved reporting and monitoring, and enhanced parliamentary (and extra-parliamentary) scrutiny of governmental agencies. This is not to suggest, of

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[12] Reflecting a desire to assign a lead accountability, the *Defence White Paper 2010* (chapter 9, paragraphs 25 – 35) has signalled that the Ministry (that is, the Secretary) will ordinarily lead and be accountable for the policy, capability development, and acquisition phases, and the NZDF (that is, the Chief of Defence Force) will ordinarily lead and be accountable for the introduction into service, in-service, and disposal phases, unless the Minister directs otherwise. But the White Paper went on to recognise explicitly that the overall success for managing the life cycle of any major acquisition requires close co-operation between the two organisations, and that the Minister of Defence and the Cabinet will expect any problem which threatens the overall success of that life cycle to be identified by either or both of the two chief executives and addressed by them both, acting collaboratively.

course, that the new arrangements are perfect; they are not. But improvements have occurred and for this we can be thankful.

Looking ahead to a world where shared outcomes are increasingly important – involving both joined-up government and collaborative governance – there will be new challenges for accountability. In this world no-one is any longer 'in charge'. It will require, as Behn (2001) has observed, 'rethinking democratic accountability'. In whatever manner accountability is developed, our understanding and application of it in the future cannot rely solely upon the language, meanings and procedures of the past.

The argument in this paper has focused on joined-up government rather than collaborative governance with civil society.[13] It has been suggested that there are separate but related challenges: designing institutional structures to enable joint working and developing the accountability arrangements that different structures require.

The key 'hard' choices in the design of institutional arrangements are between externally governed and participant governed arrangements, and within the latter between shared participant and lead organisation governed joint work. Equally important are the soft choices about the style of operating joint arrangements to deal with the diversity of institutional logics and building a shared conception of the problem. This paper has identified four critical questions for the design of institutional and associated accountability arrangements for joint working - depth, co-ordination and alignment, complexity, and separability:

1. Depth – what is the depth of joint working required – communication, coordination, cooperation or collaboration?
2. Co-ordination and alignment – how many organisations are involved and how much goal alignment exists?
3. Complexity – to what extent to which the choice and mix of activities required can be reliably known in advance?
4. Separability – can performance of individual discrete activities be adequately specified and measured separately?

Whatever the design of the 'hard' and 'soft' institutional arrangements, the accountability implications for joint working essentially boil down to two possibilities: sole or joint. The possibilities for joint accountability are defined by the key questions introduced in the beginning of the paper:

- Who will be held to account?
- Who will hold them to account?
- How and when will they be held to account?
- For what will they formally be held to account?
- To what standard?

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[13] See IPS Future State Papers No. 1 and 2 for longer discussions of collaborative governance.
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- With what effect (reward or sanction)?

Where activities are not readily separable, a choice has to be made. Sole accountability appears to work best for joint work when:

- Tasks are clearly separable and interdependence is low; and
- Sole person risk is minimal.

Joint accountability appears to be preferable for joint work when:
- Tasks are difficult to separate and interdependence is high; and
- The 'wisdom of the crowds' will reduce sole person risk.

This analysis raises a number of implications about how accountability and performance management need to be adapted to accommodate new ways of working. Accordingly, Annex 1 contains a list of potential public management levers organised under five headings – leadership, learning, resources, policy and frontline practice. Obviously, the particular package of levers selected will depend upon the context and vary case by case.

The length of the list of potential levers suggests that the central agencies have a key leadership role to play as advisors to the government on public management in grappling with ambiguity and supporting new ways of working. These roles include:

- Leadership and legitimisation – creating the environment that facilitates these different ways of working – the important positive role for rhetoric;
- Building a network of networkers and joining up the joining uppers;
- Promoting learning opportunities about working jointly emphasizing the skills and capacities required for working jointly (discussed in the companion IPS Future State Paper No. 6); and
- Developing tool kits for identifying ways of working matched to the context and the problem. Like all good leaders, there is an art in knowing when to help and when to getting out of the way.

However, central agencies cannot do this on their own. It will also involve challenges to line agencies and the staff that work in them. On this theme we leave the last word to Mark Considine (2002, p 22):

> In the new world of enterprising government, the public official is expected both to honor his or her official mandate and to move freely outside the hierarchical constraints of government in search of collaborative and quasimarket relationships with contractors, competitors and coproducers. This multi-dimensional agency power suggests that accountability cannot be defined primarily either as the following of rules or as honest communication with one's superiors'. Rather, it now involves what might be thought of as the appropriate exercise of a navigational competence: that is, the

proper use of authority to range freely across a multirelationship terrain in search of the most advantageous path to success.

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Annex 1 - Levers

Potential levers are outlined in the table below. The columns are grouped into those levers that would require only minimal modification to the current policy settings, and those that would require new additions to that framework. The rows are grouping by areas of focus - leadership, learning, resources, policy and practice.

CHANGE REQUIRED/ FO CUS	Minimal modification	*New Or More significant additions*
Leadership		
Ministers	Fewer Ministerial Portfolios PM priority letters emphasize cross-agency priorities Letters of expectation between Ministers and Crown Entities emphasize sector priorities Formal cabinet mandate for cross agency work	*Formalized Strategic Management System*
Central agencies	CE performance expectations include joint work CE remuneration partly tied to contribution to joint work Additional requirements for cross cutting work in: • SoIs, Output Plans, SSPs • Annual reports Sector Performance Improvement Framework (PIF) reviews Network of networks learning fora Appointing joint work champions	*Lead Sector CE involved in appointment process for other sector CEs* *Lead Sector CE undertakes (jointly with SSCer) sector chief executive Performance review*
Individual Agency Leadership	Staff Selection – jobs are defined to include joint work and collaborative skills are sought Staff Development – coaching and training in joint working Staff reward – implicit and extrinsic motivators support joint working	
Learning	Joint evaluation strategies Learning fora Pilots and trials	
Resources	Multi-output class and multi-year appropriations	*Multi agency appropriations (using a lead agency)*
Policy	RIS-like requirements for particular policy initiatives	*Amend Cabinet manual & CAB 101*
Frontline practice	Lead contractor for third party contracts	*Common risk screening tools*

	Job descriptions include joint work competencies Practice manuals include joint work practices	

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