

FICTIONAL CITIZENS AND REAL EFFECTS: ACCOUNTABILITY TO CITIZENS IN COMPETITIVE AND MONOPOLISTIC MARKETS

ALBERT MEIJER
THOMAS SCHILLEMANS
Utrecht School of Governance

ABSTRACT

This paper evaluates the influence of market conditions – (semi) competitive versus monopolistic markets – on (the effects of) citizen accountability on public sector organisations. Empirical material from case studies in education, healthcare, social security and land registry in the Netherlands is presented. The cases are analyzed in terms of types of citizen accountability and effects on policies of public sector organizations. The explorative research showed that Dutch public service organizations increasingly account to citizens through a variety of arrangements. The effects of citizen accountability are modest but different for competitive and monopolistic markets. Public sector organizations in competitive markets have increased their focus on both client demands and performance (in the form of performance indicators) whereas those in monopolistic markets enhanced their focus only on specific client demands. Interestingly, these effects do not take place because citizens actually call public sector organizations to account but merely because public sector organisations anticipate that they could be called to account. The paper provides an important addition to theories about citizen accountability by showing that ‘fictional citizens’ have real effects both in (semi) competitive and monopolistic markets.

INTRODUCTION

In many countries, new forms of accountability are being introduced to supplement traditional forms of

accountability. These new forms of accountability often focus on citizens and they presumably enhance the legitimacy of the public sector and the effectiveness of public services. The debate on citizen accountability – also known as ‘downward accountability’ or ‘horizontal accountability’ (O’Donnell, 1998; Bovens, 2005) – has a normative bias: accountability to citizens is by definition assumed to be beneficial (see e.g. McCandless 2001; Ackerman, 2004).

Citizen accountability refers to mechanisms and practices where public sector organisations directly account for their conduct in the broadest sense of the words to citizens, clients or more generally to societal stakeholders. It is a contemporary extension of the system of accountability and a reinstatement of the original idea of democratic accountability to citizens (Weber, 1999; Considine, 2002; Goetz and Jenkins, 2001). Citizen accountability aims to improving the strained relationship between critical citizens and criticized service providers. This idea has been described as the so-called New Public Service (Denhardt & Vinzant, 2000): public sector organizations should be organized in such a way that public servants are more responsive to citizens. In this perspective, civil servants are to serve and not to steer citizens. The New Public Service diverts from the traditional idea that civil servants are to be held accountable by elected politicians who control the public service by creating a ‘short-cut’ between citizens and public servants.

Over the last years there has been abundant research on competition as a means to enhance accountability in public services (Pollitt & Bouckaert, 2000; Hood et al; 2004). We want to elaborate on this research by comparing public sector organizations operating within (quasi) competitive and monopolistic markets. Our guiding assumption is that the market context of a public organization influences the accountability arrangement and

the effects of citizen accountability. Citizens can be expected to express their (dis)satisfaction through choice in competitive markets whereas voice is the likely way to express (dis)satisfaction in monopolistic markets. Voice is a less urgent signal but it carries more information. Choice can be expected to create a stronger sense of urgency in public organizations but, as a signal, it carries less information about the desired direction of change.

In this article we explore citizen accountability empirically by looking at the influence of market conditions – (semi) competitive versus monopolistic markets – on the effects of citizen accountability. First we will look at public sector organizations in (semi) competitive markets, with schools and hospitals as examples. Since citizens choose between service providers, accountability-mechanisms can be expected to enlarge the possibilities of citizens for *choice*. Secondly, we will investigate accountability to citizens in monopolistic markets. In these markets citizens cannot choose between providers and hence new mechanisms for accountability can be expected to strengthen citizen-capacity for *voice*. We analyze two examples, the Dutch Land Registry Office and the Social Security Agency.

On the basis of this empirical research, we will answer three consecutive questions: How do public sector organizations account for their performance to citizens? What are the effects of citizen accountability on organizational policies? What, if any, are the differences in effect of citizen accountability in competitive and non-competitive markets? The answers to these questions can advance normative debates on citizen accountability by bringing in empirical insights on the actual effects of new arrangements.

Citizen accountability

Accountability is a concept that is widely used in public administration research but has failed to reach an unequivocal definition. The concept is like a chameleon (Peters 2001: 229; Sinclair 1995): anyone studying accountability will soon discover that it can mean many different things to many different people. Nevertheless, despite the substantial disagreement about what exactly is meant by accountability, many authors agree upon a similar core. At this level, many authors agree upon a minimal definition. Accountability is then understood to be a communicative interaction between an agent (person or organization) and a significant other, in which the former's behaviour (in the broadest sense of the word) is evaluated and judged by the latter, in light of possible consequences (c.f. Day and Klein 1987: 5; Romzek and Dubnick, 1998: 6; Scott 2000: 40; Mulgan 2003: 9; Pollitt 2003: 89; Bovens 2009). Accountability implies that an agent explains and justifies his behaviour towards the significant other (see Orbach 1997: 455 ; Roberts 2001: 1551; Keohane 2002: 4). The agent can be understood as the actor, the significant other as a 'forum' (Bovens 2005). Accountability as it is understood here, refers to the *processes* by which actors provide reasons for their actions (Dunn 1999: 335) and the *mechanisms* that are designed to ensure these processes.

In its most fundamental sense, accountability refers to answerability to someone for appropriate conduct and expected performance (Romzek & Ingraham, 2000). From an analytical perspective, processes of accountability involve three phases (Bovens 2005). In the first phase, the actor renders an account on his performance to a forum. In the second phase, actor and forum debate the account of performance. The actor will provide further information, will answer questions from the forum and if necessary justify his actions. In the third phase the debate is closed,

the forum voices his definitive judgment and may choose to apply available sanctions. Sanctions may vary from formal disapproval to further regulation, fines or the discharge of management.

Theories of public accountability usually focus on formal, institutionalized and often hierarchical forms of accountability (Behn 2001, Romzek & Dubnick, 1987; Day & Klein, 1987; Bovens, 2009). These forms of accountability are centred upon core institutions with legal tasks and powers that play a key role in providing checks and balances for democratic governments. Public sector organizations have to account for their policies and spending of public money to several government bodies which, in their turn, account to representatives of the people. In a democracy, accountability relations form a closed circle of delegation and accountability that starts and ends with the sovereign people (Strøm, 2000).

Traditional forms of accountability are usually aimed at one of two purposes (see Bovens et al 2008; Mulgan 2003). First of all, traditional accountability is important as a democratic means to monitor and control government conduct. It enables citizens and their representatives to make those holding public office answer for their deeds and is thus crucial to democratic governance (Przeworski et al 1999; Strøm 2000). Secondly, traditional accountability is also concerned with the prevention of abuses of power and aims to enhance rule-abiding conduct in the public sector. It is about the prevention of corruption and the rule of law (O'Donnell 1998; Behn 2001). This calls for the organization of institutional countervailing powers. To serve these ends, formal accountability mechanisms have been institutionalized in established democracies where accountability forums such as Parliament or Parliamentary committees have the opportunity to demand information (information phase), exchange in debates (debating phase) and have substantial

sanctioning powers to redress unsatisfactory behaviour by agents (sanctions phase).

Accountability to citizens differs in important ways from traditional forms of accountability. At a basic level, citizen accountability refers to mechanisms of accountability where public sector organisations account for their conduct in the broadest sense of the word to citizens, clients or more generally societal stakeholders. Common to citizen accountability is that the accountability forum is made up of citizen. As an idea, citizen accountability first of all aims to improve democratic governance by linking citizen responses to public services directly to the public sector organisations that provide these services. It could be seen as a form of direct democratic accountability in addition to traditional representative democracy. It aims to circumvent the practical shortcomings of representative democracy in delivering as promised: the control of, responsiveness and accountability to citizens by governmental actors.

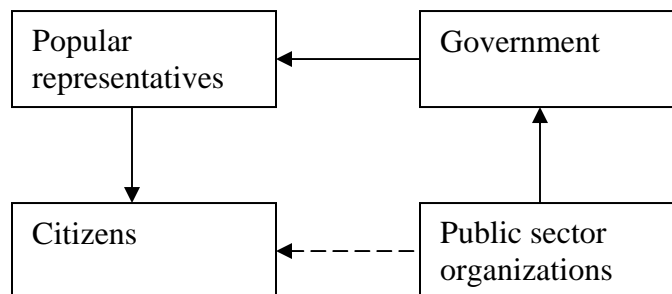
The problem with representative democracy from a democratic perspective is that there is huge agency-loss at every step of the chain of delegation from the sovereign people to the street-level bureaucrats providing services (Strøm 2000). As Goetz and Jenkins (2001: 363) put this: "Vertical accountability systems suffer from many shortcomings, among which is their tendency to blunt the citizen's voice". The New Public Service offers a solution: citizen accountability contends that more direct participation of and accountability towards citizens enhances the responsiveness and quality of public services. It has been part and parcel of many public management reforms to enhance the client-focus of public services by extending the opportunities for citizens to be informed about the activities of public organisations and to participate in policy processes (Pollitt and Bouckaert 2000; Pollitt 2003).

Direct accountability to citizens differs from traditional accountability in terms of the three phases of accountability processes process. In traditional accountability information can be demanded by the overseer, debate takes place in a fixed format and sanctions such as fines can be imposed. In contrast, citizen accountability is characterized by a dependency on information made available to the public, no fixed formal – or even definition – of the debate and absence of formal sanctions. Citizen accountability heavily leans on informal sanctions such as protest and choice.

Traditional and new accountability relations are shown in figure 1. Traditional accountability goes from public sector organizations via government and popular representatives to citizens (solid lines). It forms the democratic chain of delegation. Citizen accountability goes directly from public sector organizations to citizens (dashed line).

Figure 2.

Indirect and direct accountability to citizens (solid lines are pre-existing, vertical accountability relations; the dotted line represents the new, horizontal relation)



Citizen accountability usually takes on one of two forms. In the first place, citizen accountability is furthered by *increased transparency*. Public sector organisations then

provide citizens with the opportunity to act as accountability forums by disclosing relevant policy documents, performance standards, codes of conduct or evaluations. This means that only the information phase of accountability is ensured. In order to create a full accountability process, citizens have to act on the provided information to question the information (debating phase) and to use informal sanctions. The second form of citizen accountability is where there is an *active participation of clients or other stakeholders* in formal councils or panels. Here, the information phase as well as the debating phase is ensured.

Direct accountability to citizens may directly influence public sector organizations because clients are given opportunities to react to (mal)performance. According to the type of sanction they can impose, two types of arrangements can be discerned: arrangements which focus on 'exit' and those that focus on 'voice' (Hirschman, 1970). The first type of arrangement gives citizens the opportunity to leave the organization ('exit') when they are dissatisfied with its performance or choose for an organization which they consider to be high-performing. The second type of arrangement only enables citizens to complain about performance ('voice') through various media. Arrangements may also consist of a combination of 'exit' and 'voice' (Hirschman, 1970).

In neither of these cases, clients have strong formal sanctioning powers. This is of course a very important difference with traditional accountability, where superior forums (principals) are usually heavily armed. Nevertheless, there are also informal sanctions that can be imposed. For instance, negative publicity may be seen as a form of sanctioning, even though no formal retribution is used (Harlow and Rawlings 2007: 545; Schillemans 2008: 178). In addition, exit may also be seen as an important possible, informal sanction. Obviously, if many displeased

customers use their exit-option this gives a clear signal of dissatisfaction to organisations and could even threaten their existence.

Expected effects of citizen accountability

Exit is not always an option. Public service providers can be divided into organizations operating in a competitive (quasi) market and organizations operating in monopolistic markets. In both markets citizen accountability is possible but the response of citizens can be expected to differ. Exit is an option open to citizens in competitive markets. In this section we will present three expectations of the effects of citizen accountability in (quasi) competitive and monopolistic markets.

In competitive markets, such as public housing, education and healthcare in many countries, services are partially shaped by government policies because of external effects, high costs and societal values. Individual citizens can choose between different service providers operating within politically demarcated boundaries. There is only a limited direct financial relationship between individual clients and service providers. When clients are not satisfied with service provided by public organizations, they can either complain about performance ('voice') or choose another service provider ('exit').

Exit is not an option in monopolistic markets such as tax collection, land registration and social security. Citizens cannot choose between public organizations. Services are delivered directly by government organizations. In these sectors 'exit' (Hirschman, 1970) is not an option and is thus unavailable as a possible means for sanctioning poor performance. If they are not satisfied with service delivery, citizens can only complain (publicly) about the meager performance of the land registry office or the social security agency.

One could expect that different arrangements for

direct accountability to citizens are created in competitive and in monopolistic markets. It seems likely that accountability arrangements will focus on both 'exit' and 'voice' in competitive markets. Both the information provision and debates can be expected to emphasize not only what improvements should be made but also whether citizens should choose for exit or not. In contrast, accountability arrangements in monopolistic markets can be expected to focus on voice both on the level of information provision as well as in their procedures for debate.

The differences between the types of public organizations can also lead to differences in the effects of direct accountability to citizens on the behavior of these organizations. Exit can be regarded as a stronger signal: a sudden drop in school entrance cannot be ignored whereas a social security can ignore complaints from citizens if it has backing from elected politicians. Exit can therefore be expected to create a stronger sense of urgency in public organizations. Exit and voice also differ in informational content. Exit is a signal which is poor in information whereas voice is rich. Voice indicates why citizens are not satisfied with service delivery whereas exit (at best) only indicates that they are not satisfied. The possibility of exit may even inhibit learning since this signal may dominate and overrule voice. This means that one can expect that arrangements for direct accountability to citizens potentially facilitate organizational learning more in monopolistic markets than in competitive markets.

Whether public organizations actually learn from citizen feedback does not only depend on the richness of information embodied in sanctions but also on the way these sanctions are processed within the organizations. In view of the competition with other organizations one could expect service providers in competitive markets to be better tuned to receiving and processing signals, i.e. they have

better receptors and effectors in terms of Deutsch (1966). Public service providers in monopolistic markets can be expected to not have developed adequate systems for picking up signals from citizens.

To enhance our understanding of direct accountability to citizens and to investigate these expectations, we conducted empirical research. Before we present the results of this research, we will indicate briefly how data were gathered and analyzed.

RESEARCH DESIGN

In our research we looked at service provision by Dutch central government. We selected two competitive public markets which play an important role in the public sector (in terms of finances, public interest, and number of employees): education and healthcare. Education and healthcare in the Netherlands can be regarded as quasi markets. Services are delivered to individual clients who are free to choose. These services are partially shaped by government policies because of external effects, high costs and societal values. There is only a limited financial relationship between individual clients and service providers.

We also selected two monopolistic service providers on the basis of relevance: the land registry and the social security agency (UWV). These two organizations are among the largest agencies in the Netherlands (again in terms of finances, public interest, and number of employees). Land registration and social security are examples of monopolistic markets in the Netherlands. Citizens cannot choose if and where they want to have their property registered and neither do they have a choice under what conditions and where to obtain unemployment benefits.

Data were gathered through a large number of

interviews with key informers and extensive document study. Accountability was defined as a communicative interaction, divided into three phases: information phase, debating phase and sanctions phase. The research aimed to reconstruct the communicative interactions between organisations as actors and citizens as forums. The reconstruction of the communicative interactions was done with qualitative methods: for each mechanism formal documents as well as a number of interviews were held.

The following documents were studied for the four cases:

- Official documents that describe role, task, rules etc. of citizen accountability
- Official evaluations of citizen accountability, when found to exist
- Available academic literature on specific forms of citizen accountability
- All major documents from the organisations such as annual reports and plans, strategic and long term plans, evaluations, etc. in one year (2004, 2005 or 2006).
- For citizen accountability through internet: systematic scan of website and available documentation
- Information available on the websites of Inspection for education and for health care inspection
- For the client panel and user council: formal agenda's, minutes, official documents of all meetings during one year (either 2005 or 2006)
- Media-scan of reporting on the cases in Dutch newspapers.
- In addition general (background) information of the agencies such as brochures, annual reports, general information on policy field, official letters to parliament

In the interviews, representatives of the studied public sector organisations, inspections, user council / client panel and ministerial departments were interviewed. The idea was to question different parties to the accountability process (actor and forum) and to ask them the same questions, and to contrast their answers with the information obtained from formal documentation. The focus of the interviews was on the second research question: what are the effects of citizen accountability. Three aspects were considered: the actual participation of citizens, the direct influence of citizen accountability and the indirect influence of citizen accountability via other agents. Influence was acknowledged to exist when two independent respondents *together with* 'evidence' from formal documents, such as minutes of meetings, pointed to the same policy decision that was influenced through citizen accountability. These methods enabled us to answer the questions concerning the institutional context and arrangements for accountability to citizens. Answering the questions concerning the effects proved to be difficult. Through a combination of methods – documents, interviews with key informers and secondary analysis of research data – we have come to a best approximate indication of effects.

In total 29 persons were interviewed. Table 1 provides an overview of the respondents that were interviewed.

Table 1:
List of respondents

Case	Public sector organizations	Citizens	Inspection or government department
Case 1: Education	2	2	2
Case 2: Health Care	3	2	1
Case 3: Land Registry	4	3	2
Case 4: Social Security	3	2	4

The results from all sources were analyzed and clustered around forms of citizen accountability and effects of citizen accountability to find qualitative patterns. This research does not provide quantitative testing; it provides a qualitative exploration of the complex relationship between market structure, citizen accountability and effects on public organizations.

COMPETITIVE MARKETS CASE (1): EDUCATION

Forms of citizen accountability

Arrangements for parent and student involvement have existed for a long time in the form of associations of parents. Parents controlled the management of schools in periodic meetings. As schools have grown and have fused into larger organizations the significance of associations of parents has declined (De Vijlder, 2005, 261). This traditional form of citizen accountability has lost much of its importance and, increasingly, parents and students are

relying more on newer forms of participation such as school parliaments which have been installed by law. These parliaments reinstall the role of parents and students but limit the mandate compared with the associations of parents.

School parliaments consist of teachers, students and parents. School management has the legal obligation to discuss all important decisions with these parliaments and they can advise school management on these decisions. The formal position of these parliaments is fairly strong although recent changes have decreased the formal influence of parliaments. School parliaments are elected through formal school elections.

In 1997 direct accountability to citizens has been enhanced by publishing the results of school inspections. The school inspection service plays a key role in evaluating the quality and accessibility of education of both public and private schools. This organization is a partially autonomous organization under the minister for education which has to evaluate the quality of education and also has to provide citizens and students with reliable information about the performance of schools. The results of the inspections are now published on the Internet and in school information booklets. Citizens may use this information to evaluate the performance of schools and, if necessary, ask school management to account for poor performance. The information can thus be used both for exit – choosing a school or choosing to leave a school – and for voice – complaining to school management about poor performance. Policy makers have increasingly underscored the second aspect: the opportunities this form of citizen accountability offers for exit.

The opportunities that are created for accountability seem to focus on the role of citizens as *consumers*. The school inspections results support citizens in choosing a school, the Internet is not used to stimulate debate between

School Inspection Services, schools and citizens on the quality of schools. Citizens are regarded as consumers that can make a choice and not as 'citoyens' that are involved in public affairs.

Effects of citizen accountability

In competitive environment of education, citizen accountability thus increasingly focuses on the possibilities for exit. The follow-up question is then, do citizens actually use this possibility?

Our research indicates that citizens hardly use the exit-option. Research indicates that information on the quality of school is not very important in the choice for a school. Sources of information that are used for the choice of schools are presented in table 2. The table indicates that the quantitative information on the quality of schools that the school inspection provides through the internet is only consulted by 5% of the parents when choosing schools.

Table 2.

Information used in school choice (Vogels, 2002: 40)

Visits to schools	79%
Advice given by primary school	54%
Information provided by other parents	38%
Written information	34%
Articles in newspapers	6%
Quantitative information on the Internet	5%
School websites	1%
Other information	17%
No information	2%

Our interviews in schools furthermore revealed that parents do not leave schools in reaction to the information on the inspection provides. The respondents indicated that parents take their children from schools for personal

reasons or because of conflicts. None of the respondents has ever experienced that the scores led to children leaving the school. So all in all, even though education is a competitive market in the Netherlands and there are exit-opportunities that are either praised or feared by school managers and policy makers, citizens do hardly ever use the opportunity.

An alternative form of use might be that parents use the quantitative information from the school inspection to discuss the quality of education with teachers and school management. In that case they would choose for *voice*. Interviews with school management, however, indicate that parents rarely ask school management questions on the basis of the school inspection results. "Parents sometimes mention the information. They read the information but do not voice concerns on the basis of this information."

We have to conclude that the opportunities for direct accountability to citizens that have been created in education are used only to a very limited extent by real citizens. Nevertheless, this form of citizen accountability does have some real effects on schools. The reason is that accountability to citizens also takes place in indirect ways. Important intermediaries for accountability to citizens are the media. Local media use the results of school inspections on the Internet to write articles on the quality of schools in their region. The Brabants Dagblad, for example, has published lists of schools in the region and underperforming schools were highlighted in these publications. Media provide citizens with information about the best and worst schools in the region. The media assist citizens in calling schools to account but can also be regarded as a forum for accountability themselves. They ask school management to account for the school's performance.

For this reason, school managers assert that the information on the Internet does have an impact on school

policies. Publicity seems to be an important driver. Negative publicity can damage the reputation of schools and therefore have an impact on school choices. “A bad has a negative impact on the school’s reputation because it may influence the number of students and, therefore, the number of staff at the school.” Schools try to improve their rankings and school management makes an effort to improve the output of the school. As a result, citizen accountability is influential on the strategic choices of schools even when real citizens are hardly reached.

COMPETITIVE MARKETS CASE (2): HEALTHCARE

Forms of citizen accountability

Arrangements for direct accountability to citizens have not existed as long as in education. This can be attributed mainly to the fact that most patients do not have a structural relationship with hospitals. In 1996 patient councils have been formally installed through the Law Client Participation in Healthcare. In December 2000 an independent research institute evaluated this law (Savornin Lohman et al, 2000). This evaluation indicated that many hospitals have resisted client councils and have not formally installed councils yet. Members mostly come from Patient Consumer Unions and interest of other patients is limited. There are no formal elections to elect members of these councils. Generally, these councils have little influence on formal hospital policies but they may focus hospital management’s attention on the interest of patients.

In May 2000, the National Association of Hospitals started publishing comparative information on waiting times at hospitals on its website. Journalists of the national newspaper *Algemeen Dagblad* used the general freedom of information clause to access the database of the National Association of Hospitals to gather the information on

waiting lists. The newspaper also put the information on a website. Patients could use the website to choose the hospital with the shortest waiting time (exit) or complain to hospital management about comparatively long waiting times (voice).

Effects of citizen accountability

Do patients use the information to look for a hospital with a shorter waiting list and thus to use their exit-option? Our research yielded contradictory answers to this question. Respondents mentioned various examples of hospitals that received many more patients when the Waiting List Monitors had indicated that waiting lists were considerably shorter than in other hospitals. The respondent from the Hospital Association indicated, as an example, that the Maaslandziekenhuis in Sittard attracted many extra patients when it was publicized that its waiting lists had been reduced drastically. However, most respondents indicated that in view of the total number of patients the effect is limited. This finding is in line with findings in the United States that indicate that effects of transparency on the choice for hospitals are limited (Van Everdingen, 2003). Table 3 indicates these reasons.

Table 3.

Why patients do not use information on waiting lists to choose a hospital

Patients choose a hospital in their neighbourhood
Patients go to a specialist they know
Patients follow the advice of general physician in choosing a hospital
Many patients are not have the state of mind to make a choice between hospitals
An overload of information makes choosing a hospital difficult
Patients are loyal to their hospitals
Hospitals do not facilitate switching: medical files are often not sent to other hospitals
Some hospitals put patients from their areas first on waiting lists
Quality is more important to patients than waiting time

An alternative use of the Waiting List Monitors is that patients can use this information to express that they are not satisfied with the hospital's performance: *voice*. Interviews with hospitals indicate that they receive little feedback concerning the Waiting List Monitors. The respondents from both hospitals, the Diakonessenhuis and the Onze Lieve Vrouwe Gasthuis, stressed that they had not received complaints or comments from patients which referred to the public information about waiting lists. All in all, the research thus suggests that clients do not use the possibilities for neither exit nor voice that are created through citizen accountability.

In spite of the limited use of this information by citizens, the possibility of being called to account nevertheless has an effect on hospital policies. According to hospital management and informants, accountability to citizens stimulates hospitals to perform better or – put more

cynically – score better on the Waiting List Monitors. The internal magazine for hospital staff of the Diakonessenhuis described how this hospital has reduced waiting lists for internal surgery by business process redesign.

As was the case in education, intermediaries play an important role in accountability to citizens. Important are the health insurance companies since they provide finances to hospitals. Health insurance companies use information on waiting lists for signing ‘production agreements’ with hospitals: what level of care will they deliver to the patients that are insured with this company? These insurance companies also use the information in their help to patients: they help patients finding a hospital that can provide the required care to them fast. In addition, media are as important to hospitals as they are to schools. Media follow developments in waiting lists closely since this issue is heavily debated in the Netherlands. Also, the newspaper actually receives much feedback from readers especially if patients find out that they have to wait longer than is indicated on the Waiting List Monitor. This pressure from patients has improved the quality of the information on waiting lists since the information provided by hospitals is checked.

Again, reputation is important. Interestingly enough hospitals do not fear that the amount of patients they attract will go down since they all have too many patients. They do fear, however, that their reputation will be damaged by negative publicity. The respondent from the Diakonessenhuis indicated that reputation management is crucial, not so much to attract patients but more so to be an attractive employer. Some hospitals such as the Canisius-Wilhelmina in Nijmegen, react by redesigning business processes and by creating more capacity. Also, they exhibit strategic behaviour such as *creaming* – selecting patients that can be helped easily – and *dumping* – refusing patients that need complicated care (Berg & Schellekens, 2002).

Citizen accountability thus has real effects on hospitals through the anticipated and perceived influence of intermediaries: insurance companies and newspapers.

MONOPOLISTIC MARKETS CASE (1): LAND REGISTRY OFFICE

Forms of citizen accountability

The Dutch Land Registry Office is a semi-autonomous public agency. The office ensures the transparent registration of estates and properties and this registry is accessible to the public. Any person or organization buying or selling property automatically becomes a client and is obliged to pay a tariff that is set by the agency. Most people have only very limited – or even no – contacts with the agency in the course of their life. Most people are *one-shotters*. On a day to day basis, the Land registry deals extensively with a select number of *repeat players* in the market like notaries (their most important client), brokers, construction companies and local governments.

Citizen accountability at the Dutch Land Registry Office was introduced in 1994 in the form of a user council. The most important clients of the Dutch Land Registry Office are represented in this user council which advises the agencies on all strategic choices in general and on tariffs specifically. The user council operates as a forum to whom the Dutch Land Registry Office management has to account for important decisions. From 1994 to 2003 the user council had seven members and, since 2004, sixteen members, following an enlargement of their tasks. The user-council unites notaries, other corporate interests, local governments, house-owners and some representatives of the central government departments using topographic information.

Effects of citizen accountability

The user-council meets at least four times a year with the Registry Office management. In these meetings, the most important strategic plans and reports are discussed. The agency informs the council about all major decisions and the most important external developments. The user council thus reflects on all major policy documents, such as annual plans, annual accounts and reports and strategic long-term policy documents. Also the council is closely involved when the tariffs for services are altered. The user council thus covers a very broad reach of themes. Respondents describe it as “very broad” or “quite diverse”. One of the senior members states: “Topics? Perhaps a thousand in the preceding nine years. It is a very broad agenda, we really talk about everything”.

The respondents and the documentation indicate that the dialogue on this broad agenda of issues is usually genial. The participants indicate that the exchange between management and user council is usually “very open-minded” or that the discussion is “future-oriented and very positive”. The members of the user council have the possibility to criticise and question the actions of the Land registry office, but they mostly choose to do this in a supportive and understanding tone. This may be caused by the fact that the Registry Office management treats the council with utmost respect. Also, managers indicate that they usually prefer to follow the suggestions of the council rather than oppose them. As a result, the members of the client council experience that they are taken seriously and that they do not have to wrestle the managers over specific issues.

There is generally one exception where the discussion in the user council becomes more impassioned. When tariffs are discussed, the exchange becomes more heated and the user council gives a clear signal to the Land Registry. Surprisingly perhaps, the clients do not generally

plead for lower tariffs. The notaries, real estates agents and local communities in the council clearly prefer a stable tariff-development over lower tariffs. They have voiced this opinion repeatedly through the client council.

The user council does have some, but not very strong, direct influence on the decisions of the Land Registry Office. The documents and interviews reveal some policy issues where the council has voiced opinions and where these opinions were to some extent followed. The most important point would be the tariffs. As a respondent notes: "The most important thing we get from the user council is on tariffs. They always say they need stable tariffs, no yo-yo'ing. It is sometimes inevitable, however, that tariffs change due to the technicalities of legislation. So we are looking for ways to counteract this effect". Beyond this clear and important example, the respondents and documents did not reveal many other clear cut examples of a direct influence of citizen accountability to the user council. The user council does have some influence, but overall it is not a strong case of citizen influence.

However, the user council also has some indirect influence. First of all, the user council produces documents, such as reports, formal advices and occasional letters, that are seen and used in the traditional accountability relationship of the agency with central government. The departmental overseers indicate that they always take notice of the information they acquire through the use council. They state: "We always look at what the user council says in order to see if they signal new developments and new risks in the field and ask ourselves if this has consequences for how we look at the agency". As a result, the views expressed in citizen accountability inform the traditional venues of accountability. The management of the land registry office is aware of this potential external effect. They know the users may have an impact through the 'shadow of hierarchy' as they know

their primary principal (the minister) may act upon information received from the user council. Therefore, managers indicate that they will accommodate the council as far as possible, because this will limit the risk that negative voices from the user council reach the minister. In order to do so, the agency will as a rule give in to the wishes of the council. A manager indicates: "We want to use the members as ambassadors to our organisation. It is really important that they talk positively about our organisation in their environments."

Citizen accountability in the monopolistic land registry market all in all has some direct effects on the policies of the agency and some indirect effects because of its anticipated potential influence on traditional, hierarchical accountability. It is not a strong form of accountability, the user council as a forum does not have strong sanctioning powers, but its importance is elevated by its connection to traditional, hierarchical accountability. In these ways, citizen accountability contributes to the client focus of the agency, particularly regarding tariffs.

MONOPOLISTIC MARKETS CASE (2): SOCIAL SECURITY

Forms of citizen accountability

Social service provider UWV is a large organization, employing at its peak in 2003 more than 23.000 persons. UWV is organized in regional units serving the regional 'market' for unemployment. UWV is an agency with considerable formal autonomy, much like the Dutch Land Registry Office. To give clients a voice, client panels were introduced here as a form of citizen accountability, starting in 2002. The formal goal of client panels as inscribed in the law is to give feedback on the quality and treatment of services. The law indicates that

clients have a say on the executive level in operations, but the law does not indicate in what way this must be organized or what the UWV should do with the input.

The UWV-client panel is similar to the example of the Dutch Land Registry Office. It is also a large panel (18 members), holds a minimum of four meetings a year and discusses all major strategic documents of the organisation (annual plans and reports, strategies and reorganizations) with the executive directors. There are however some differences between the forms of citizen accountability that stem from the different backgrounds of the members. The UWV-panel solely represents clients and they have a strong (financial) and often lasting interest in the development of social security policies.

The higher stakes for the members has one notable effect on the interaction with UWV-management. First of all, the tone of the dialogue is often more emotional and can easily become quite adversarial. The clients always focus their attention on the question: “what do policy-changes mean for clients”, and very often even: “what would it mean for me?” Some of the respondents indicate that many members clearly suffer from their dependence on a large bureaucracy, coupled with personal sorrows over the loss of a job or frustrations over a physical disability. One respondent indicates: “We sometimes really touch upon the pain of the people at the table”. And another respondent adds: “These topics are very important for them. Because we are talking about themselves.” This also implies that policy changes that are perceived to be negative for clients lead to heated discussions. The client panel often takes a much more adversarial role than the user council of the Land Registry Office does. One of the UWV-managers says: “The discussion is often a battlefield”. And one of the members of the client council states: “They should know by now that we are fierce opponents”

Effects of citizen accountability

In practice, our respondents and the documentation indicates that four topics dominate the accountability relationship between UWV and the client panel. First of all, much time and energy is invested in discussing the latest political developments in social security. Secondly, much time and effort is devoted to discussing the formal position and competences of client panels: the clients want to have a stronger formal position and more legal means of influence. Thirdly, much attention is given to the way clients are contacted and treated. Finally, much attention is paid to the re-integration policies of UWV that aim to redirect people to the labour market.

What now are the direct effects of accountability to citizens on performance? On a practical level, the client panel has some influence on the way clients are contacted and treated by the UWV. It is clear the organization has to perform its legal requirements but the client panel strongly urges to do this in a respectful manner and this urge is not without effect on the central level. So for instance, changes have been adopted in the ways clients are told that they will lose their inability payments if they no longer qualify according to new regulations. At a more abstract level, the client panel gives management insight in the way clients think and react on brochures and policy-changes. Respondents describe this process in vivid terms and with clear examples. They express that they learn how to “think from the position of clients”, that they “receive important signals” and “experience that they make our understanding of the issues of clients more focused”.

The overall direct impact of this form of citizen accountability is all in all not very strong, however. All respondents were able to name a few very specific issues where the client panel was influential, but on the overall strategy of the agency they saw very little influence. The

minister and his ministry were seen by all respondents to be most influential on the overall strategy. Nevertheless, via intermediaries the client panel had some indirect influence as well. As in the previous case it was clear that information from the client panel was scanned and used by departmental overseers over the agency. Their views thus had some impact on the traditional route of accountability. Also, the client panel was keenly aware of the fact that they could exert pressure through the media, as social security issues are always noteworthy. As one member indicated: "If we really want to influence the agency we can send a letter to the biggest Dutch newspapers and they will certainly print it". The management of UWV was quite aware of this possibility and stated: "They write letters, reports and advices. We always read them carefully, also because they do not only send them to us, but also to eight members of Parliament, a newspaper (De Volkskrant) and the minister. So of course we take a careful look at them, because you know the information could resurface at some point". This last point refers to a common theme for all of these cases: citizen accountability gains influence through its connection to external intermediaries.

CONCLUSIONS AND DISCUSSION

In this article, we presented empirical material on arrangements for citizen accountability and their effects on public sector organizations in monopolistic and competitive markets. The results of the four case studies are summarized in table 4:

Table 4.
Summary of Case Study Findings

	Arrangements for citizen accountability	Use of these arrangements by citizens	Direct Effects on public sector organizations	Indirect Effects through external intermediaries
Education (semi-comp.)	User council Public information	Limited participation Limited use	Client focus Focus on performance	Local Media
Healthcare (semi-comp.)	User council Public information	Limited participation Limited use	Client focus Focus on performance	National Media Health Care Insurance Companies
Land registry (monopolistic)	User council	Limited participation	Client focus	Central Government
Social benefits (monopolistic)	Client panel	Limited participation	Client focus	Central Government National media

On the basis of these findings we can answer the three research questions. The first research question was: how do public sector organizations account for their performance to citizens? The explorative research showed that Dutch public service organizations increasingly account to citizens through a variety of arrangements. Information is provided on the Internet and client councils are created. However, direct accountability to citizens is not something most citizens want or ask for: participation and use of public information are limited to small groups of citizens.

The second question was: what are the effects of citizen accountability? In both sectors we found that the direct impact of accountability to citizens was rather modest. Nevertheless, in spite of the lack of interest on the side of citizens, these arrangements have increased the focus on clients. The research indicated that fictional citizens have real effects on organizational policies. The policies of public sector organizations are mostly influenced by the 'hint of accountability' and maintaining

or acquiring a solid reputation is important. The number of citizens involved does not have to be high and their influence on organizational decision-making does not have to be strong, to trigger an emphasis on clients' interests. In competitive markets public information also enhanced the focus on performance as measured in performance indicators since public sector organizations fear damage to their reputation. Contradicting demands from these two forms of citizen accountability, a push for better performance and a client focus, may create a tension in public sector organization in semi-competitive markets. Monopolistic organizations were not confronted with a push for better performance and thus do not face that tension.

The third and final question was: what, if any, are the differences in effects of citizen accountability in competitive and non-competitive markets? We started our explorative research with the assumption that citizen accountability would take on different forms and would have different effects in different markets. We did find differences in forms. User councils already existed in competitive markets and have now also been created in monopolistic markets. The newest arrangements for citizen accountability in (quasi) markets focus on exit whereas the newest arrangements in monopolistic markets focus on voice. The effects of citizen accountability are also different. Public sector organizations in competitive markets have increased their focus on both client demands and performance (in the form of performance indicators) whereas those in monopolistic markets enhanced their focus only on specific client demands.

Having answered the three questions we will now reflect on the expectations concerning the differences between organizations operating in a competitive (quasi) market and organizations operating in monopolistic markets. The first expectation was that arrangements for

direct accountability to citizens in competitive markets focus on both 'exit' and 'voice' and in monopolistic markets only on 'voice'. The empirical research showed that user councils have already existed for a long time in education and have been created in healthcare. These councils enable voice. The public information provision in education and healthcare was certainly directed to 'exit'. Citizens are regarded as consumers who can choose between different service providers. The websites facilitated comparisons of schools and hospitals on certain quantitative indicators. There was little attention for arenas for debate: such arenas are not needed when exit is regarded as the dominant strategy of citizens. In monopolistic markets new arrangements for voice have been created. They were instituted on a legal basis, rhetorically valued highly and certainly treated with respect by the public organizations involved. The explorative research therefore provides support for this expectation. It is interesting to note, though, that citizens made very little use of the opportunities for 'exit' and mostly stayed with a service provider for pragmatic reasons.

Our second expectation was that arrangements for direct accountability to citizens facilitate learning more in monopolistic markets but create a stronger sense of urgency in competitive markets. The empirical research shows that user councils in education and healthcare enable learning and arrangements for exit in quasi-markets stimulate organizations to improve their performance. Although citizens make little use of the exit-option, schools and hospitals want to improve their rankings out of fear for their reputation. The drive to improve their scores on these rankings creates a stronger sense of urgency than voice in monopolistic markets. The arrangements stimulate schools and hospitals to change their policies but this can be considered to be 'lean' forms of learning. These changes are not attuned to specific citizen requests but only focus on

generalized performance indicators. Arrangements for voice in monopolistic markets have potential for learning processes. This potential is strongest when representatives are consulted on issues of crucial and practical importance that are close to their everyday reality. However, client- and user-councils have a tendency to dive into deep, difficult and abstract questions, often contravening political decisions, that exceed the scope of their competences. As a result, the impact of the arrangements for voice are limited because issues are discussed that fall under the priority of the hierarchical principal-agent relations. Many ideas and wishes of the councils can not be fulfilled because they would directly contradict political demands. In conclusion, the research provides moderate support for this expectation.

The third expectation was that arrangements for direct accountability have a stronger effect on public organizations operating in competitive markets than on organizations in monopolistic markets. The lack of citizen involvement does not mean that these new forms of accountability have no effect. Both in quasi markets and monopolistic markets, direct forms of accountability have an effect on public service organizations. The hint of accountability has real effects. Increased visibility of performance through publication affects organizational behaviour primarily because the organisations fear that negative conclusions could be discovered and used by journalists or organised interest groups and that this would damage their reputations. We have no evidence that the hint of accountability has stronger effects on organizations operating in quasi-markets than on those operating in monopolistic markets. Vertical and external pressure, from political actors and the media, combined with organizational concerns for reputation-management, seem to be most influential to the question whether or not citizen accountability has effects on decisions.

All in all, two issues surfaced in this explorative research that should be pursued further and more systematically in subsequent research. First of all, our two-by-two case studies very strongly suggests that the effects of arrangements for direct accountability to citizens can be expected to be stronger when there is more media attention. It is impossible to generalize on the basis of these four cases, but nevertheless political saliency and media-interest seem to be very important. In further research this point should be elaborated further.

Secondly, it was obvious and slightly puzzling to see that it was not so much the influence of accountability to citizens that was influential but that it was the hint of accountability that affects both organizations operating in (quasi) competitive and monopolistic markets. This could mean two things in future research. It could either mean that citizen accountability is a roundabout way that external powerful parties use to monitor the activities of public sector organisations (McCubbins et al 1987). But it could also mean that citizen accountability is highly symbolic, that these institutions refer to apparently sympathetic goals but are not really considered to be important in the course of time (Schillemans 2008). Which of these two alternatives it is, or in what situations which of the two options prevails, is a question that would be interesting to look at in subsequent research. Particularly because the empirical findings on citizen accountability stand in such a striking contrast to the high pitched expectations surrounding citizen accountability that have sometimes been described in the literature.

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