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**Resistance to Control—Norwegian Ministries' and Agencies' Reactions to Performance Audit**

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# **Resistance to control – Norwegian ministries’ and agencies’ reactions to performance audit**

## **Abstract**

Ministries are increasingly subject to control, primarily by State Audit Institutions’. This control is assumed to contribute to improvement. Based on survey data from 353 civil servants in Norway this article analyses the ministries’ and agencies’ responses to the SAIs control. The analysis shows that civil servants in the ministries tend to be less positive to performance audit than civil servants in the agencies. Top executives, irrespective of administrative level, were more negative than middle managers and other public employees. In addition civil servants more exposed to performance audit were, in general, more negative towards it.

Key words: Agencies, ministries, Performance audit, State Audit Institution, New Public Management, Control

## **Introduction**

Western societies have increasingly modernized according to New Public Management principles (NPM) the last 20-30 years. This NPM ‘regime’ has led to increased delegation which in turn has resulted in more use of audit and control mechanisms. Audits and evaluations have become important tools in providing information about how public money is spent (Power 1997; Pollitt et al. 1999; Hood et al. 1999).

There is an inherent tension in this regulatory reform stemming from its dual prescription of both enhanced autonomy and control (Roness et al. 2008). Some claim that the control is just a ritual of verification with the aim of assurance, but without real effect (Power 1997). Others on the contrary claim that control can enhance trust and performance (Möllering 2006; Furubo 2011). These assumptions are nevertheless contested and more empirical research is needed to verify them.

The State Audit Institution (SAI) is a major control institution in a country. Its main task is control, but a secondary goal is to contribute to improvement in the audited entities (Lonsdale and Bechberger 2011). Performance audit is one method that the SAI uses to assure efficient and effective use of public funds.

Both ministries and subordinate entities are objects of the SAI's control, but it is the ministries that are held formally accountable. This type of audit is supposed to be more geared towards controlling results than checking compliance to rules. The aim is to assess performance by investigating public organization's dispositions and results. This is in contrast to financial audit where the auditors check if a public organization has given an accurate account of its financial transactions (Christensen et al. 2007). In practice the SAIs nevertheless publish different types of reports focusing on results, processes or compliance and they provide explanations to varying degrees (Grönlund, Svärdesten, & Öhman, 2011; Put, 2011). Primarily they audit control systems rather than efficiency and effectiveness, which are central to their mandate (Pollitt et al. 1999).

In general we speak of three types of control. *Ex ante* control – systems of planning and target setting, *ex nunc* control – systems for monitoring and *ex post* control, systems of evaluation,

rewards, sanctions and feedback (Verhoest et al. 2010, p 24). The SAIs control primarily conducts *ex post* control. In this article we seek to understand the audited civil servants' reactions to this control. These reactions can be important for the SAIs impact.

The research question in this article is: What are the audited civil servants', in ministries and agencies, perceptions about the SAIs performance audit reports and how can we understand their reactions? The study is based on data from a questionnaire. The responses of 217 civil servants working in ministries and agencies were selected for the analysis.

The remainder of this article is structured as follows. First background information, definitions and concepts are presented. Then theory, the method, the empirical results follow. Lastly a discussion and conclusion are provided.

## **Ministries and agencies in Norway**

The task of public administration has traditionally been to prepare cases for political bodies (such as laws, instructions, budgets etc.) and implement the measures decided by these same bodies (casehandling, administer and supervise grants etc) (Christensen et al. 2010).

In the 1980s and 1990, ensuing growth of public administration and extended work tasks, public administrative reform swept through most western states. Organizational structures were changed and private sector management ideas and techniques were introduced, including the establishment of agencies (Pollitt 2003; Verhoest et al. 2010).

In Norway the use of agencies can be traced back to the 1850'ies (Lægreid et al. 2011). At present a number of state agencies are responsible for policy implementation. The agencies

are relatively autonomous (Verhoest et al. 2010). 17 small ministries are responsible for policy formulation and planning. The other Scandinavian countries have similar organizational set ups, the Swedish agencies being the most autonomous. Some agencies have boards or a corporate body that is responsible for making policy for the organization. This is considered a Scandinavian model (Pollitt 2003). The main organizing principle in the Norwegian ministries is purpose. In addition there is a clear trend to project organize in the Norwegian public administration with task forces set up to solve different problems (Christensen et al. 2010).

These institutional forms matter, in shaping individual actors' strategies, preferences and identities (March and Olsen 1989). This is due to the limitation of focus that the organizational structure imposes. Given bounded rationality individuals center their attention on certain problems, solutions, consequences, and conflicts, while ignoring others (Simon 1997; Egeberg and Trondal 2009). Policy choices are affected by the organizational context within which they are made.

Compared with their counterparts in ministerial departments, agency officials exercise their discretion relatively insulated from ongoing political processes at the cabinet level and pay significantly less attention to signals from executive politicians than their counterparts in ministerial departments. In ministerial departments, on the other hand, top priority is given to signals from the minister. Considerably less emphasis is attached to user and client interests (Egeberg and Trondal 2009; Egeberg 2012). The ministries are thus more responsive to political signals than the agencies, and the agencies are more concerned with the professions perspective, the client's and user's perspectives when making decisions (Christensen et al. 2010).

The fact that agency officials in general are less exposed to political control than their counterparts in ministerial departments means that there might be more leeway for expert-based decision making, or for taking other concerns into consideration within agencies, such as, for example, user and clientele interests. Agencies are supposed to enjoy some autonomy from their respective ministerial departments as regards decision making, including decision making in managerial, personnel, and budgetary matters. However, the respective ministers normally keep the political responsibility for agencies' activities (Egeberg and Trondal 2009).

Prior research on the relationships between ministries and agencies has demonstrated that the agencies' actual autonomy can be ambiguous and do not automatically match their formal autonomy (Yesilkagit and Van Thiel 2008; Verhoest et al. 2004; Christensen and Læg Reid 2006a). There are differences in the level of trust between the agencies and their ministries which affects the ministries' ability to control the agencies (Læg Reid et al. 2006). There can also be systematic differences in the perceptions of the civil servants in ministries and agencies pertaining to control (Reichborn- Kjennerud 2013).

In the Norwegian system the primary responsibility of the ministers is objective. The Norwegian ministers are held accountable for their actions and the actions of civil servants in subordinate entities (Rose 1987). This means that ministers have to assume responsibility for events that they personally cannot be blamed for. This principle has been weakened in later years as the Parliament, faced with minority governments after the second world war, have not always respected the rule that only ministers can be held to account (Sejersted 2002; Nordby 2004).

The principle of ministerial responsibility is important for the Parliament to be able to conduct its control. It simplifies the process and it motivates the minister to prevent misconduct (Nordby 2004). The ministries support this principle, even though the increased devolution over the last years, has significantly weakened their powers (Christensen and Lægreid 2006b).

The Norwegian ministries have both administrative tasks as well as a more political role in assisting in the development of policies. In this role as a secretariat for the political leadership civil servants assist the minister in formulating political issues during the policy processes that goes on in the Government and the Parliament. In more than 40 years it has been stated as an ambition to develop this function better and it is assumed that this will improve sectorial coordination that traditionally has been weak in Norway (Christensen and Lægreid 2006b).

### ***The accountability relation between the SAI and the ministries***

In most instances of political accountability it is only the top of the organization that is called to account externally. This is called hierarchical accountability. SAIs are not in a direct hierarchical relationship to public organizations, nor do they have any formal sanctioning power. They report to Parliament. This can be described as a diagonal relationship. In this diagonal relationship the SAI reports to Parliament that, in its turn, can inflict sanctions. From this relation the SAI derives an informal power (Bovens 2007).

In this article “holding to account” is understood as the ministries’ obligation to answer for the execution of their responsibilities to Parliament (Bemelmans-Videc et al. 2007, p.241).

The ministries are answerable to Parliament also for separate or semi-detached public organizations and expenditure that is not under their direct control (Rose 1987). Internally in their own organization leaders are organizationally accountable (Bovens 2005).

With new methods of control, the SAIs role has increased in importance. Its mandate, in performance audit, is to establish whether public policies, programmes, projects or organisations have operated with due regard to economy, efficiency, effectiveness and good management practice (Donaldson and Lipsey, 2006; Johnsen et al., 2001; Lonsdale, 2000; Pollitt et al., 1999; Power, 1997). Consequently it now deals with politically relevant matters and does not limit itself to checking state accounts. At the same time it has become more controversial (Christensen et al. 2002).

The performance audit reports are intended to contribute to improved operations in the audited entities. They can be used by the Parliament and its control committee to hold the ministries to account for unsatisfactory performance, management practice or lack of compliance in its policy area (Lægreid 2013). In this control the SAI has an instrumental rationality in that it expects the ministries to improve based on its detection of deviance. This line of thinking is equally present in the Norwegian control system called “Management by Objectives and Results” (MBOR) (Lægreid et al. 2006). The supposition is that organizational performance can be improved through control and performance reporting. This was also an important assumptions in classical management theory and scientific management (Morin 2008; Taylor 1967; Fayol and Gray 1988; Christensen et al. 2007).

The relation between Parliament, the cabinet, the government departments and agencies can be perceived as a range of principal-agent relationships. In a principal-agent relationship the agent will act according to his or her own interests and primarily disclose information that is beneficiary to him- or herself. Public-sector agencies are assumed to be self-interested bodies that are controlled through specified performance contracts. It is therefore not a relationship predominantly based on trust, but on control. The agent is held to account for its use of public



resources. It risks consequences and sanctions if it underperforms. (Lægneid et al. 2006). Still, in practice, this relationship is also based on trust to run smoothly (Christensen et al. 2006).

### ***Performance audit and impact***

The auditors chose the topic of their performance audits themselves. In these choices a number of factors are influential, such as the volume of public resources involved in an activity, political salience and the likely risk to public funds. They also strive to achieve a systematic coverage of audit fields over a period of years and follow up on topics where earlier audits demonstrated that there were problems (Lonsdale et al. 1999). Performance audit is an under-researched topic, especially when it comes to its impact. In a review of existing research on the influence of performance audit, only 14 studies pertaining to state audit were found (Van Looke and Put 2011). Many of the studies on the impact of performance audit are based on the perceptions of those audited (Morin 2008, 2004, 2001). Recent studies suggest that the auditees perceived utility of the performance audit depends on their perception of the quality of the report and of the SAI as an institution, as well as on their experiences in the process and the degree to which their comments were taken into account (Alwardat 2010; Reichborn-Kjennerud 2013). Several authors also problematized the independent role of auditors as being an obstacle to impact because stakeholder involvement is associated with greater utilization (Vanlandingham 2011; Reichborn-Kjennerud and Johnsen 2011). Justesen and Skærbek (2010) looked into how accountability mechanisms contributed to the auditors' impact and suggested that these are forceful mechanisms in making organizations implement changes. Still they questioned whether the changes necessarily improved matters. Other researchers have focused on learning processes from and success factors for performance audit stressing the importance of the compatibility of the opinions of the auditor and the auditee (De Vries et al. 2000; Van der Meer 1999). Lapsley and Pong (2000) and Lonsdale (1999) based the assessment of impact on the opinion of the

auditors themselves. There is also some research on the impact of audit institutions at the local level (Weets 2011; Johnsen et al. 2001; Tillema and Ter Bogt 2010).

## **Theory**

I apply three different perspectives to understand the civil servant's perception of the SAI's reports. The first two perspectives concern how characteristics internal to organizations influence the civil servants. The organizational perspective emphasizes the importance of formal structure and the cultural-institutional perspective emphasizes internal organizational cultures. Lastly the demographic perspective concerns extra-organizational influences; cultural traits that employees bring with them into the organization.

### ***An organizational perspective***

According to Egeberg (2012) an organization's structure is normative and composed of rules and roles. The structure defines interests and goals and specifies who is expected to do what and how. Because of this and because of bounded rationality the organization is never neutral and represents bias in preparation of action. This contributes in explaining organizational behavior.

An organization is specialized vertically and horizontally. In general, vertical specialization seems to diminish the potential for political steering and control. In the vertical dimension the officials' level of position is correlated with the contact they have with the political leadership and the emphasis put on political signals. Those with few horizontal contacts and who identify themselves with lower level units are considering only a narrow range of problems, solutions and consequences, while those who conceive of themselves as parts of more over-arching entities and have extensive lateral relations, are likely to address broader agendas. Officials in central agencies, in contrast to officials in the ministries, attach most importance to

professional and expert considerations. They are more insulated from ongoing political processes at the cabinet level and from Parliament. They have fewer opportunities to influence decision makers at the ministerial level. More attention is also paid to signals for user and client groups at the agency level than at the ministry level. Empirical studies have also confirmed that formal hierarchies and boundaries is the most important factor in explaining the civil servants' identity-formation in ministries and agencies. This influences their decision-making, actions and attitudes (Egeberg and Saetren 1999).

Civil servants in ministries are more involved in assisting the minister in developing policies. They may therefore be more skeptical to external scrutiny as the SAI's critique of the ministries indirectly affects them (Christensen and Lægreid 2006b). Agency officials, on the other hand, are at arm's length from the decisions and priorities in the ministry which makes them less vulnerable to critique (Egeberg and Trondal 2009). Performance audits focusing on the agencies' policy area might prove positive for them. Critique from the SAI could mean increased funding from the ministries. Agencies are also less vulnerable than ministries to political critique often implicit in audit reports. Civil servants in agencies are therefore hypothesized to be more positive to the reports:

H1: The civil servants in the agencies will be more positive towards performance audit than will those working in ministries.

The same mechanisms described for administrative levels above, apply also internally in organizations. Leaders, as opposed to lower level employees, have more horizontal contacts, consider a broader range of problems and are more exposed to processes of hierarchical

accountability (Bovens 2005). They are equally supposed to make use of the SAIs reports to improve. This might make them more vulnerable to criticism. The hypothesis thus is:

H2: The more leader responsibility the less positive the civil servant will be towards performance audit.

### ***A cultural-institutional perspective***

The second theoretical perspective focuses on informal culture in organizations. Civil servant's informal norms and values generate value-bearing institutions. These institutions are characterized by their own identities and opinions about what is appropriate behavior. Norms, values and identities are developed gradually and are internalized by the members of an organization through socialization processes. Civil servants' identify with their place of work. Loyalties to their workplace and values affect their understanding of their role. Thus civil servants with a long administrative career in a ministry or an agency will have other perceptions and values than employees recruited from the private sector or civil servants with a political background (Lægreid and Olsen 1978; Christensen and Lægreid 2006b). In addition accountability relations to elected officeholders and the citizenry, enhanced by increased monitoring of the public administration, also affect the understanding of their role (Peters 2010; Waldo 2006). The basic idea according to this perspective is that aspects of organizational culture affect whether and how behavior is regarded as appropriate. Through experience with this institutional culture members learn how to behave (March and Olsen 1989; Selznick 1984).

Patterns of path dependent behavior that are seen as appropriate become reinforced over time and are therefore quite resistant to change. Internal forces contributing to the organization's

robustness and stability become more important than signals and pressure from superior bodies (Krasner 1988). The main types of explanatory factors according to this perspective are connected with these constraints inherent in established traditions and cultures as they have developed over time. The fate of external reform initiatives from the SAI will depend on whether and how they are compatible with established norms and values in the ministries and agencies (Brunsson and Olsen 1993). Being preoccupied with defending their institutionalized practice and culture they will be skeptical to external criticism. Staying in an institutional context over a longer period of time will strengthen the socialization and the identification with the institution, making it harder to take a different perspective. We thus hypothesize:

H3: The longer the civil servants have worked at their workplace the less positive perception they will have of the performance audit.

Civil servants exposure to continuous pressure strengthens “in-group” dynamics that reinforce identification with internal values (Ashforth and Mael 1989). We therefore hypothesize:

H4: The more often civil servants have experienced performance audit the less positive perception they will have of it.

### ***A demographic perspective***

The civil servants in public organizations are not only organizational actors. They are also embedded in a wider institutional environment. Through their individual careers and their socio-economic backgrounds, they bring with them certain individual traits and characteristics when they start at a place of work. In the recruitment of civil servants education and professional qualification are emphasized. These aspects are therefore key to consider.

Education provides them with knowledge and skills, but just as much with values, loyalties and identifications. Where the civil servants come from, in terms of education and work experience, thus matter for their understanding of their role (Christensen and Lægreid 2008; Lægreid and Olsen 1978; Christensen and Lægreid 2006b). The norms and values they bring with them can affect the way they look at audit.

In this analysis we will particularly focus on educational differences. We do this because the civil servants' ability and interest in standing up to a SAI can be conceived as a question of competency and assertiveness. This will be linked to educational background. Occupation is generally a good indicator of an agents' position and status, as is educational background (Bourdieu 1987, 1984). The education and professional backgrounds that individuals bring with them contribute in shaping their opinions and decisions, including their perceptions of the SAI (Christensen and Lægreid 2001).

Civil servants with higher education will be better able to assess the SAIs report because they have an education that gives them both the confidence and the ability to do it. Thus they will not automatically acquiesce the conclusions, but be more skeptical (Christensen and Lægreid 2005). Different professions bring with them values and ways of conceiving reality that will affect how they interpret their role as civil servants. Social scientists tend to work with planning, analysis and reporting (Christensen et al. 2010, chapter 5). In this work they apply discretion to a large extent. The evaluative work that the SAI perform in performance audit primarily demands such social science competencies. The social scientists know that the reports need not be perceived as facts and that discretion and methods on the part of the auditors can be questioned. This will incline civil servants having social science backgrounds to be more critical towards the reports than civil servants with natural science or historic

philosophic backgrounds (Christensen and Lægreid 2001). An objection to this allegation could be that social scientists, including economists, would endorse evaluations and performance audits because they are more positive to the rational perspective of goal-attainment in contrast for example to the jurists' focus on compliance (Eckhoff and Jacobsen 1960). But because the SAIs assessments are critical of the civil servants themselves it is hypothesized that they turn critical.

How different professions and auditees in general will react to performance audit could potentially depend on the subject and the type of performance audit. Recent research nevertheless demonstrates that this is not the case. Instead the auditees' experience with the performance audit process, their perception of the report quality and the SAI is what matters (Reichborn- Kjennerud 2013).

What determines differences in the perception of report quality? The hypothesis below assume that professions more trained in evaluative thinking would be more prone to question the SAI.

H5: The less the civil servants are educated in social science disciplines the more positive perceptions they will have of the performance audit.

## **Data and methods**

The data collection method adopted was that of a survey. Inquiries were sent to the public institutions that had experienced performance audit between 2005 and 2010. The institutions that received inquiries were asked to provide the e-mail addresses of employees who had experienced performance audit. Inquiries were then sent to the employees explaining the

purpose of the study and informing them of their rights. Subsequently, a web-based questionnaire was sent to the employees. Reminders were sent out to respondents who had not answered by a certain deadline.

The questionnaire was designed in such a way that the respondents were asked to answer questions pertaining to the particular performance audit(s) they themselves had experienced. In the questionnaire, there were questions seeking to reveal both the civil servant's perceptions of performance audit and their professional backgrounds. The questions were designed based on previous research (Morin 2004; Pollitt et al. 1999; Power 1997) and validated by research colleagues, ministry and agency employees as well as one director general and two methodology experts from the Norwegian SAI. A pilot study was conducted with nine respondents prior to sending out the survey in spring 2011.

A total of 520 questionnaires were distributed. After screening out those who were unable to answer because of absence, sickness or who were wrongly chosen for participation, 471 valid e-mail addresses remained. The number of responses was 353, corresponding to a response rate of 74%. The data file was further reduced to 217, to include only employees from the ministries and the agencies. This included 112 civil servants from ministries (52 percent) and 105 from agencies (48 percent). 48 percent of the 217 respondents were middle managers, 11 percent were top executives and 42 percent were lower level civil servants.

In the analysis we used logistic regression. In the logistic regression the dependent variable was the extent to which the respondents agreed to the allegations that the performance



audit reports held good quality, where 1=to a little or very little extent and 2= Neither nor, large or very large extent. The variable initially had five ordinal values that were collapsed into two, to accommodate the logistic regression. See the distribution below:

**Table 1. in about here**

As can be observed from the table above, approximately 50 percent of the respondents are placed in either of the two groups, group 1=little to medium extent (2+17+32=51) or group 2= large to very large extent (40+9=49).

The independent variables measuring formal organizational structure was “administrative level” with the values 1= ministry and 2=agency and “current position” with the values 1=top executive, 2=middle manager and 3=other public employees.

The independent variables measuring informal organizational structure was “the number of performance audits experienced” with the values 1= one performance audit, 2=two performance audits and 3= three or more performance audits and “years of service” with the values 1=5 years or less, 2=6-10 years and 3=11 years or more

The Independent variable measuring demography was “type of education” with the values 1=social science background and 2= other educational backgrounds

First we explored the bivariate relations with the dependent variable using cross-tabulations. Second we controlled the effect of the independent variables in a logistic regression analysis.

## **Findings: Reactions to the SAIs reports**

To understand why auditees react differently to the reports we first explored the relation of the independent and dependent variables in bivariate analyses.

### **Table 2. in about here**

The crosstable analyses demonstrates that civil servants in the agencies were more positive to the reports than the ministries. Top executives were less positive to performance audit than middle managers and other employees. This result was not significant. Civil servants having experienced many performance audits were less positive to the reports than those that had only experienced one or two. Equally those educated within the social sciences were less positive to the reports than civil servants with another educational background. Civil servants having worked five years or less were more positive to the reports than those having worked longer, but these results were not significant. We included all the independent variables in the subsequent logistic regression:

### **Table 3. in about here**

As the table 7 above shows civil servants working in agencies are more than three times as likely to think that the quality of the SAI reports is good than civil servants working in ministries (OR=3,676; CI 3,322-4,030). Civil servants with no leader responsibilities are more than three times as likely as top executives to perceive of the report as good (OR=3,550; CI 2,969-4,131), while middle managers are almost four times as likely than top executives to perceive of the report as good (OR=3,846; CI 3,288-4,404). Civil servants having experienced more than three reports were more than twice as negative (OR=0,310, CI -0,271-0,891) than

civil servants having experienced one report. Type of education and length of service did not significantly predict the civil servant's perception of the reports.

## **Discussion**

How do the auditees react to the SAI reports? Findings indicate that half of the civil servants working in ministries and agencies are positive and half of them are negative or indifferent. The auditees tend to become more negative if they are exposed to many performance audits. Civil servants in ministries also are more negative to performance audit than civil servants in agencies. Equally top executives are more negative to performance audit than middle managers and civil servants without leader responsibility.

### **The organizational perspective**

The structural features of an organization can influence the way its members think and act (Christensen et al. 2007). Our expectation was that the civil servants in ministries would be more negative to performance audit than the civil servants in agencies (H1). The crosstabulations and the subsequent logistic regression demonstrated that the civil servants in the ministries were more critical to the SAIs reports than the agencies. This can be understood on the basis of their structural hierarchical position. The ministries and agencies have different interests and tasks. The ministries are the ones formally held to account in a performance audit. At the same time their role is to protect and assist the minister in development of policies, implement his or her policies, prioritize programs and operations and distribute resources accordingly. They will, therefore, be more sensitive to criticism. At the same time their ability to remedy weaknesses are limited as the concrete tasks most often are conducted by separate or semi-attached public organizations.

The agencies, on the other hand, are the ones conducting the concrete tasks. They have more knowledge of the subject matter. Also they are not formally held to account. At the same time the attention that the performance audit report triggers enhance their chances of getting more attention and resources to their policy area. This might explain why they are less critical. Their responses are rationality bounded by their position in the organization (Selznick 1984).

We expected the same mechanisms, described for administrative levels above, to apply internally in organizations (H2). The results show that top executives were more negative than middle managers and civil servants to the performance audit reports. This indicates that the people who are responsible find it uncomfortable to be held to account. This seems to apply both to administrative level and positions internal to an organization. There is little reason to believe that top executives are better at judging the quality of the SAIs reports than the middle managers or the general employee. Neither are civil servants in ministries necessarily better at judging the quality of the reports than civil servants in agencies. Agencies, rather than ministries, are likely to know more about the daily operations than civil servants in the ministries. Top executives and civil servants in the ministries are, nevertheless, the ones that must stand up and take the blame on behalf of the organization, and potentially face the consequences. They are also the ones responsible for making priorities. With performance audit the SAI increasingly questions the efficiency and effectiveness of operations, closing in on the question of priorities and politics. These findings indicate that this makes ministries and top executives uncomfortable.

### **The cultural-institutional perspective**

The first hypothesis of the cultural-institutional perspective was rejected (H3). The fact that the variable “length of service” was not significant in the analysis demonstrates that a culture skeptical towards the SAI does not automatically develop over time.

The fourth hypothesis was confirmed (H4). Those that had experienced many performance audits were less likely to think the reports were good. This indicates that control-overload can be negative for the perception of performance audit and that it might lead to a critical stance towards the SAI internally in organizations. At the same time, whether this happens or not will also depend on how many employees in the same division or department was affected by the investigation. If many employees in the same department share antagonistic feelings towards the SAI it is more probable that negativity will develop. Feelings of contrariety and loss of legitimacy caused by several performance audit reports might spur resistance in the audited entities (Meyer and Rowan 1977).

The fact that the SAI directs several investigations to the same sector or unit might be structurally determined. If a policy area receives a large part of the state budget it will be salient in the SAIs risk analyses and will often be prioritized for investigation. In addition, as the ministries are formally accountable, all audits conducted in a given policy area will finally involve ministry employees implying that they will experience more performance audit than lower level civil servants. Still, as the logistic regression shows, being exposed to many performance audits has an effect independent of administrative level. There need therefore not only be structural reasons for the continued attention from the SAI.

Several performance audits directed towards the same sector and policy area might also indicate that the audited entity, according to the SAI, has large issues to correct.

Dissatisfaction therefore need not indicate control overload, but justified control because of mismanagement and discomfort linked to deficiencies being discovered.

### **The demographic perspective**

H5 of the demographic perspective had to be rejected. Type of education seemed not to impact on the civil servants perception of the report. The bivariate analyses demonstrated that civil servants with a social scientist education were less positive to the SAIs reports than civil servants with other educational backgrounds. In the logistic regression this factor was no longer significant. The reason why this factor did not come out as an independent causal factor can be related to the fact that there are relatively more social scientists working in the ministries than in the agencies.

## **Conclusions**

Civil servants, whether working in ministries or in agencies, are quite positive to the SAIs reports. Still, employees become more negative to performance audit if they have experienced many of them. Those working in ministries are also more negative than civil servants in ministries and top executives are more negative than middle managers and civil servants.

How can we interpret these differences? That civil servants more exposed to performance audit are more negative can be interpreted as a reaction to control overload. It can equally be an expression of a skepticism having developed internally in organization, towards the SAI. This could at least be the case when several civil servants in the same divisions or departments have been exposed at the same time, which is often the case. Alternatively it can indicate discomfort linked to the fact that mismanagement has been discovered.

The fact that civil servants in ministries are more negative than civil servants in agencies is related to their structural position. Ministries are formally accountable and at the same time address broader agendas and make priorities for several subunits. Their skepticism indicates that they don't like the SAI to interfere with their priorities. Officials in central agencies, in contrast to officials in the ministries, depend on the ministries priorities and resource allocations. The fact that they appreciate the attention given to their policy area demonstrates that they often profit from the attention of the SAI. The same mechanisms that apply in this hierarchical accountability relation seem to be manifest internally in organizations. Top executives are more negative towards the performance audit reports than middle managers and civil servants without leader responsibility, reflecting that they must take the blame as responsible for priorities and resource allocations (Christensen and Lægreid 2006b). Blame avoidance is identified as a significant driver in civil servants' behavior (Hood 2007). Three ways of avoiding blame is identified; diverting public attention with excuses or keeping a low profile, trying to force other actors to assume responsibility by delegating responsibility and adherence to rules and norms. Blame avoidance can lead to fear of doing things in new ways because of the risks it entails (Hood 2011). These mechanisms could be interesting to pursue in further research in the case of the SAI.

This article contributes generally to the literature on the significance of organizational structure, and more specifically to knowledge on the differences between perceptions and identities in ministries and agencies respectively. It also contributes to the literature on performance audit, and more specifically to the influence of performance audit on public administration. Lastly it contributes to the literature on responses to institutional pressures, and more specifically to responses to audit.

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## **Tables**

Table 1. The respondent's perception of the report quality

<b>Do you agree that the performance audit report held good quality. Percent</b>	
To a very little extent	2
To a little extent	17
Neither nor	32
To a large extent	40
To a very large extent	9
N=100%	195

Table 2. Perception of report quality by structural, cultural and demographic features. Crosstabulations. Percent.

The report held good quality

	Quality of audit reports		Significance	N=100%
	Bad/medium	Good/very good		
<b>Organizational features:</b>				
<b>Administrative level</b>				
Ministry	65	35	P=0.00	105
Agency	34	66	P=0.00	90
<b>Position</b>				
Top executive	70	30	P=0.121	23
Middle manager	46	54	P=0.121	92
Employee without leader-responsibilities	51	49	P=0.121	80
<b>Cultural-institutional features</b>				
<b>Number of performance audits</b>				
One performance audit	33	67	P=0,001	61
Two performance audits	52	48	P=0,001	52
Three or more performance audits	66	34	P=0,001	76
<b>Tenure</b>				
5 years or less	48	52	P=0,875	56
6-10 years	53	47	P=0,875	45
11 years or more	51	49	P=0,875	94
<b>Demographic features</b>				
<b>Profession</b>				
Education within the social sciences	65	35	P=0,043	40
Other educational background	47	53	P=0,043	119

Table 3. Logistic regression showing the civil servants tendency to perceive the report as good

**The report held good quality**

	P-value	OR (Odds Ratio)	CI (Confidence Interval)
<b>Organizational features</b>			
<b>Administrative level</b>			
Ministry		1 (ref)	
Agency	0,000	3,676	3,322-4,030
<b>Current position</b>			
Top executive		1 (ref)	
Middle manager	0,016	3,846	3,288-4,404
Civil servant	0,029	3,550	2,969-4,131
<b>Cultural-Institutional features</b>			
<b>Number of performance audits experienced</b>			
One		1 (ref)	
Two	0,253	0,617	0,194-1,040
Three or more	0,004	0,310	-0,271-0,891
<b>Years of service</b>			
5 years or less		1 (ref)	
6-10 years	0,586	0,781	0,328-1,234
11 years or more	0,775	0,896	-0,510-1,282
<b>Demographic features</b>			
<b>Type of education</b>			
Social science		1 (ref)	
Other	0,575	1,260	0,848-1,672