

RESEARCH ARTICLE

## Agency Theory: Its Discourse and Practice in the Selected Public-Sectors

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### Abstract

This research investigates the discourse and practice of Agency Theory (AT) in the selected public-sectors of Ethiopia. The Agency Theory is assumed to bring about efficiency and accountability of the public-sector by adopting a contract and Pay-for-Performance (PFP) scheme; however, performance and citizens-cum-customers satiety was not improved as envisioned. Thus, to investigate this problem, the researcher has employed the mixed methods approach and, hence the cross-sectional design, where data has been collected at a point in time from selected public-sector employees to respond to the research problem and questions. To gather data, measurement scales like Binary and Likert Scales and research instruments like Self-Completion Questionnaires (SCQ), Semi-Structured Interviews (SSI), and Secondary Sources (SS) have been carried out at different tiers of government. The results indicated that the complex contexts like “Diverse Objectives, Public Values, and Diffuse Power” in the selected public-sectors required the co-existence of different initiatives and approaches based on what works and what does not work standard. Therefore, this study recommended adopting the home-grown reform system: The needed competencies that include the Traditional Public Administration (TPA), New Public Management (NPM), or Public Service Motivation (PSM) in the selected public-sectors based on the fitting contexts could increase the likelihood of performance enhancement.

**Keywords:** Agency Theory; Contract; Home-Grown Reform; Information Asymmetry; Management Autonomy.

### Introduction

#### Background of the Study

From the early 21<sup>st</sup> century to the present, confirming enhanced performance, better service delivery, and good governance of a country is becoming a critical concern in the Public-Sector (PS). Then, what is the PS? So, to define the PS, it is all right to identify who undertakes the economic activities dominantly. The economy was traditionally divided into two discrete segments: the public and the private. The PS represented activities controlled by the government; while the private-sector was occupied largely by the private and voluntary-sector (Aulich, Halligan, and Nutley, 2001). Thus, the part of the economy that is scrutinized by the government represents the PS, though the boundary between the two sectors sometimes becomes blurred for hybridity (Benegrew, 2021; Filc and Cohen, 2015).

In the 1980s and the 1990s, the PS adopted the NPM-driven reforms at different times and in different countries to bring about change in the PS. In the TPA, the employees are paid the same regardless of the performance results. Poor performers of public employees do not miss their incomes or lose their job like the private-sector (Hughes,

2003; Osborne, 2007). Thus, the personnel administration was based on jobs for life; it was not easier to transfer and sack staff members, who were inefficient in their performance. However, the NPM practice in the PS has changed the scenario by creating the performance appraisal and later the performance management that focuses on employees’ development, and hence, employees are paid and incentivized based on performance results and excellence called “Pay-for-Performance.”

Besides, in the TPA, political leaders often have inadequate knowledge of lower-level functions to allow managerial oversight; and efficiency and accountability were never easy to ensure when inadequate knowledge was reinforced by poor measures of performance. Therefore, one of the reasons for the adoption of NPM is the perceived failure of the system for efficiency and accountability of performance under the TPA (Bovens, 2007; Ferlie et al., 2015; Hughes, 2003).

Conversely, after the emergence of NPM-driven reform, incentives come to be emphasized as instruments of efficiency and performance enhancement. Thus, incentive mechanisms are considered positive reinforcements in the PS to encourage the type of behavior and attitude that is

required to take place. Incentive mechanisms are the ways and means to ensure “Agency Theory” through individual assessment and PFP. Thus, the Agency Theory (AT) or the principal-Agent Theory (PAT) is defined as the contract agreement between the principal and the agent primarily for information exchange and management autonomy for two basic consequences of outcomes: incentives and sanctions (Benegrew, 2020; Røiseland et al., 2015). Accordingly, the contract scheme is the best feature that sets the paradigm shift from TPA to NPM (Lane, 2000), since the public service duty is guided through a variety of contracts that devote to results.

Hence, the reform measures have also changed the way we treat work experiences. It has lowered the value given to work experiences just by adopting the principle of universality, i.e., there is no difference for an individual who works in a vehicle workshop or in a university. It also affords less value for an individual who performs the same activity for many years; consequently, it has lowered the weight given to the length of service years for advancement, especially for those who worked in similar positions (Klikauer, 2015; Pollitt, 2011).

However, the practice of incentives as a means of employees’ motivation is not universal across countries, especially in shortage economies. That means, for example, the theory of Public Service Motivation (PSM) is based on motivation and drive “To do good for others as well as for the society” (Benegrew, 2021; Horton as cited in Vandenabeele et al., 2018) instead of maximizing self-interest through incentive mechanisms. The PSM is about yearning to serve the society and the public interest, not yearning for incentives.

Accordingly, there are knowledge gaps in the area, i.e., there are dissimilar theoretical outlooks that interplay in the PS. The NPM-driven reform measures not only lack country-specific contexts, for example, it lacks to consider unique characteristics in the PS like “Diverse Objectives, Public Values, Political Meddling, Budget Austerity, and Diffuse Power, but also to consider other approaches and initiatives that can co-exist abreast (Benegrew, 2021).

Finally, NPM is supposed to ensure performance enhancement in the PS through the application of generic skills and theories (Doran, 2016; Hood, 1991; Osborne & Gaebler, 1992; Pollitt, 2011). Hence, different theories like the Public-Choice Theory (PCT), the Agency Theory (AT), and the Transaction-Cost Theory (TCT) contributed much to the emergence and practice of Managerialism in the PS (Walsh; Boston et al., as cited in Hughes, 2003). This research study has tried to discern the answers to doubts as to why the AT does not ensure better performance in the PS. So, to investigate it, this is a mixed methods study that has carried out to investigate the discourse and practice of the AT (PAT) in the selected Ethiopian public-sectors at Federal, Amhara National Regional State (ANRS) including zonal levels (next to state level), and Addis

Ababa (AA) city administration at city government and sub-city levels.

### **Research Objectives and Questions**

- Research Objective: To investigate the practical application of Agency Theory in the selected public-sectors.

- Research Questions: Have the incentive and sanction mechanisms of the Agency Theory been applied universally for performance enhancement in the selected public-sectors?

Thus, a Null Hypothesis ( $H_0$ ) has been developed, which is born out of the above research question (Creswell, 2014). It is constructed on the assumption that two attributes are the same or the  $H_0$  assumes “no significant discrepancy between the two items” (Creswell, 2014). The statistical analysis has considered the computed values of the binary logistic regression and if the alpha (P) value is lower than the level of significance (0.05), then the  $H_0$  will be rejected which means there is a difference between the two attributes. Thus, the following  $H_0$  statements have been developed based on the above research question:

- $H_{0A}$ . Emphasis on either “Individual Interest or Organizational Interest” doesn’t lead to performance enhancement.

- $H_{0B}$ . Emphasis on either “Extrinsic Benefit or Intrinsic Benefit” doesn’t lead to performance enhancement.

- $H_{0C}$ . Emphasis on either “Waiting for Instruction or Taking Initiative” doesn’t lead to performance enhancement.

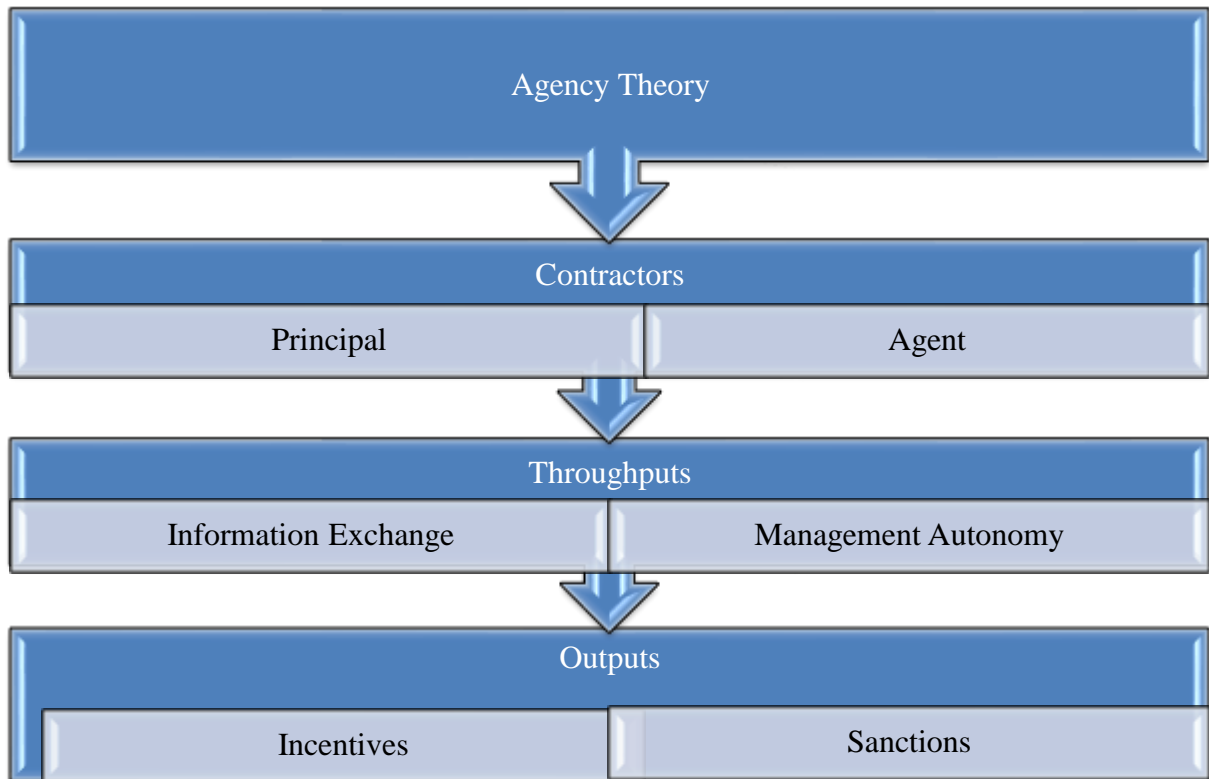
### **Literature Review**

Some of the outcomes of NPM are of employees’ motivation and accountability. The employees’ motivation and accountability have been structured in AT (PAT) arrangement relying on incentives and sanctions (Benegrew, 2021; Ferlie et al., 2015; Røiseland et al., 2015). With the advent of NPM reform, incentives become the center of emphasis as an instrument of accountability and control (Toonen; Maclagan as cited in Røiseland et al., 2015) that centers on performance, output, outcome, and auditing. Similarly, the AT (PAT) is one element within what is often called the “New institutional economics” or “Rational Choice Theory” (Pollitt, 2003) that focus on individual interest, extrinsic benefits (financial), and taking initiatives (Benegrew, 2021; Bovens, 2007; Lane, 2000; Røiseland et al., 2015).

The Agency Theory (AT) is first “proposed by Stephen Ross and Barry Mitnick” (Mitnick, 2019); and it is an organizational economic approach to motivation within organizations. Whereas, others argued that the AT theory that the PS is supposed to provide public duties to the users is popular with economists, like Klitgaard, 1988 and 1991 as well Rose-Ackerman, 1975 and 1978 (Mishra &

Abdullahi, 2020). The AT (PAT) assumes that actors in the PS have personal ambitions and self-interests that need to be controlled contrary to the TPA that largely relies on trust (Røiseland et al., 2015). The TPA assumption is about public ethos, while under the AT (PAT), the “Principal”

needs information about the action taken by the “Agent” and the “Principal” sets incentives and sanctions based on performance management.



**Figure 2 1:** Agency Theory  
Source: Benegrew, 2020

The AT (PAT) has been applied to the PS, especially concerning its accountability. First, it was established for the private-sector to compare the disparity between the goals of managers (agents) and shareholders (principals) (Bovens, 2007; Hughes, 2003). The application of AT (PAT) to the PS is not as simple and leads to disturbing comparisons in accountability when compared to the private-sector. Accountability in the PS is difficult to determine who the principals are, or detect what they want. The principals and the owners of the PS are the entire public, but its interests are so diffuse that effective control of the agents (Public Managers or Actors) is unlikely to be successful. It is challenging for the agents to detect what each principal might want them to do in any instance. Besides, there is no influence from the profit motive, no market in shares, and nothing comparable to bankruptcy (Bovens, 2007; Hughes, 2003).

Second, other authors also revealed that in AT (PAT); the commonly asked question is who the principal is and who the agent is. In a formal authority relationship, the parliament members confer political authority to the

council of ministers collectively or to the prime minister individually who distributes responsibilities among the council of ministers (Strøm, 2000). For example, is a member of the council of ministers a Principal, or an Agent, or both? Here, voters want the parliament (principals) to do what they voted them to do (construct infrastructures, quality education, lower taxes, better health service, etc.). The Members of the Parliament are the voters’ agents, but simultaneously Members of the Parliament are themselves in the position of principals’ vis-à-vis executive governments. Ministers are (theoretically) agents of the legislature, who may be removed (by impeachment, votes of no confidence, etc..) if they are seen to veer too far off the agreed track. But ministers, like Members of the Parliament, are simultaneously both an agent and a principal.

There are also similar challenges in the Principal-Agent rapport. The parliament may delegate authority to the prime minister. The prime minister as an agent is required to account himself/herself regularly for his/her performance in office. This is often the case with the political type of accountability (Strom as cited in the Bovens, 2007). However, in other accountability types, the

Principal-Agent does not satisfy the relationship, for example, courts are not the principal in cases of legal accountability or professional associations are not the principal under the circumstances of professional accountability.

As it is elucidated above, government ministers are principals to all those public managers who are supposed to carry out the government's policies and programmes. The public managers, as agents of political leaders, are motivated by self-interest (such as higher salaries, higher status, more interesting work, or just an easier time) as far as the system allows them to. The problem the minister's face is a lack of day-to-day monitoring of the agents due to other issues. Furthermore, in many situations, it is in practice, hardly feasible for the Minister as well as for members of the parliament to have full information about the subject as the Agent has, and in turn, an information asymmetry, shirking, and conflict of interest may occur.

Thus, the conflict of interest is one of the constraints in the Agency Theory i.e., the elected political representatives of the parliament are at the same time members of the parliament (as Principal) and a minister, a bureau head, or administrator (as an agent) at federal, state, and zonal levels respectively. Therefore, a minister, who is a member of a parliament, may not take action and make decisions independently on his/her interest and his/her ministry. Besides, it is possible to argue that political accountability is not limited to the delegation of authority to ministers through citizens to the members of the parliament.

Practically, it is hardly possible for the minister to know the subject matter equally to the agent. One way of addressing these problems is to try to fix the relationship between the principal and agent through a contract. The contract can stipulate the targets the agent must work to achieve, the information she or he must provide, and the incentives and penalties that good performance/bad performance will attract from the principal. Hence, accountability is a connection between the principal and the agent, in which the agent must justify his or her conduct, the principal can ask questions and pass judgment, and the agent may face consequences (Bovens, 2007; Hughes, 2003; Pollitt, 2003).

### **Empirical Studies**

Studies about AT theory were conducted in other countries. For example, an empirical study has been carried off to evaluate whether executive pay is consistent with the AT theory; and the result has indicated that the AT theory considerations play a part in setting executive payments (Garden, 1994). A conceptual study has also been carried off to critically review the AT theory, and this study has also indicated that the AT theory seems unrealistic to support the idea that individuals and organizations are primarily motivated by financial gain, rather individuals can also be motivated by status, their community, and their

need for self-fulfillment (Zogning, 2017). Besides, an empirical study has been carried off to assess AT theory to training and development outcomes; and this study result has indicated that much of the theoretical implications of the AT theory are transferable to human resource development (Baker, 2019).

However, according to the present knowledge of the researcher, there is no study so far conducted in the country on the effectiveness of AT related to performance enhancement in the PS. Yet, there are studies (IEG, 2008; Markos, 2013) conducted about reform measures in the country; though those studies don't differentiate which is what. That means the empirical studies don't take the AT features distinctly and without it, the empirical studies cannot measure its application and effectiveness in the PS. Therefore, this study throws in much to fill up the knowledge gap, since there were no empirical studies so far which has been done in Ethiopia that measured the effects of AT theory on performance enhancement.

### **Research Method**

To respond to this research problem, the mixed method has been employed to address the effects of AT (PAT) in the selected public-sectors (PSs). In alignment with it, the convergent parallel design has been applied, and dominantly the quantitative data and minorly the qualitative data have been collected almost in parallel, analyzed independently, and then merged in at the interpretation stage of this study. The investigator has applied both probability & non-probability techniques to collect data on the attitudes, opinions, and perceptions of public-employees. The purposive sampling has been applied to select an "Area Cluster" (Federal, ANRS, and AA city administration); it has been also applied to select the population of the study (3830) based on study areas, the purposive sampling has been applied to select the target population of 2862. The random sampling has been addressed to select informants and the theoretical saturation has been addressed to select a number of interviewees (10), and the researcher has taken Krejcie & Morgan (1970) for sample determination of 349.

The quantitative data has been gathered using the Self-Completion Questionnaires (SCQs) and the qualitative part of the data has been gathered using Semi-Structured Interviews (SSI) and Secondary Data Sources, and it has been analyzed using binary logistic regression and ATLAS.ti for quantitative and qualitative data respectively. The selection of public-sectors using the purposive sampling technique was anchored in the following reasons: First, it is based on "Extra Proximity" to the reform measure, i.e., sectors which are both executive and regulatory organizations for the reform measures were included. Second, it is based on the empirical research result (special emphasis is given to a research result that indicated negativity or failed pronouncement of

Managerialism) (Dunleavy et al., 2006). Finally, others are selected based on the trafficking of customers and its developmental role in the economy. Accordingly, the Civil Service, Trade and Industry, and Innovation and Technology Sectors have been taken to be the study areas. The researcher took informants who work not less than six months in the PS to demonstrate their opinion. Besides, informants who achieved a diploma and above level of education qualification were included in the target population and each of the respondents had an equal value. Since employees with fewer than six-month experience and below diploma levels of qualifications may not have enough information and knowledge to share with the researcher about the problem at hand. The questionnaire is self-administered by the researcher and a self-completion process was carried out by the respondents; hence 328 (94%) of the respondents completed the questionnaire and it was included in the dataset. However, 16 (5%) questionnaires were not returned and 5 (1%) of the questionnaires filled were incomplete, so these questionnaires were discarded based on quality control and ten interviewees have been included in the qualitative study based on the principle of theoretical saturation.

Besides, the completion of all the SCQs in the survey was voluntary.

**Results and Discussion**

**Results**

- H<sub>0A</sub>. Emphasis on either “Individual Interest or Organizational Interest” doesn’t lead to performance enhancement.

As shown in table 4.1 below, the Binary Logistic Regression (BLR) has been used to examine whether there are differences in treatment probability between the binary outcomes. According to block 1 of the model summary, Cox & Snell R Square and Nagelkerke R Square have values of 0.000 and 0.000 respectively. The Hosmer and Lemeshow Chi-square Test have a value of 0.000 with a DF value of 0. The variable values in the equation have also a significant value of 0.001, which is below the p-value of 0.05. Therefore, the null hypothesis is rejected with an overall percentage of 67.1, who opted for “Organizational Interest.” That means there is a difference in the treatment ability between the binary outcomes.

**Table 4.1: Binary logistics for Organizational vs. Individual Interest**

1. 1. Model Summary									
Step	-2 Log likelihood			Cox & Snell R Square			Nagelkerke R Square		
1	415.669 <sup>a</sup>			.000			.000		
a. Estimation completed at iteration # 3, since parameter estimates changed by less than .001.									
2. 2. Hosmer and Lemeshow Test									
Step	Chi-square				df		Sig.		
1	1.000				0		.		
3. 3. Classification Table <sup>a</sup>									
				Organizational interest	Individual interest	Percentage Correct			
Step 1	whose interest should come first	Organizational interest		220	0	100.0			
		Individual interest		108	0	.0			
	Overall Percentage					67.1			
a. The cut value is .500									
4. 4. Variables in the Equation									
		B	S.E.	Wald	df	Sig.	Exp(B)	95% C.I. for EXP(B)	
Step 1 <sup>a</sup>	Gender(1)	-.027	.253	.011	1	.916	.974	.593	1.600
	Constant	-.693	.210	10.890	1	.001	.500		
a. Variable(s) entered in step 1: Gender.									

Source: Own field survey, 2020

- H<sub>0B</sub>. Emphasis on either “Extrinsic Benefit or Intrinsic Benefit” doesn’t lead to performance enhancement.

The BLR has been used to examine whether there are differences in treatment ability between the binary outcomes. According to the block 1 of the model summary, Cox & Snell R Square and Nagelkerke R Square have values of 0.006 and 0.008 respectively. The Hosmer and Lemeshow Chi-square Test have a value of 0.000 with a DF value of 0. The variable values in the equation have also a significant value of 0.000, which is below the p-value of 0.05. Therefore, the null hypothesis is rejected with an overall percentage of 67.4, who opted for “Intrinsic Benefits.” That means there is a difference in the treatment ability between the binary outcomes.

- $H_{0c}$ . Emphasis on either “Waiting for Instruction or Taking Initiative” doesn’t lead to performance enhancement.

Similarly, the BLR has also been used to examine whether there are differences of treatment ability between the binary outcomes of “Waiting for Supervisor’s Instruction or Taking Initiative.” According to the block 1 of the model summary, Cox & Snell R Square and Nagelkerke R Square have values of 0.001 for both measures. The Hosmer and Lemeshow Chi-square Test have a value of 0.000 with a DF value of 1. The variable values in the equation have also a significant value of 0.000, which is below the p-value of 0.05. Therefore, the null hypothesis is rejected with an overall percentage of 69.5, who opted for “Taking Initiatives.” That means there is a difference in the treatment ability between the binary outcomes.

Besides, the SCQ results also indicated that the practice of incentivization, which is the best pillar of competition, is less likely supported by respondents of employees with 45.7 percent of a positive reply. Similarly, the qualitative data analysis also indicated that in the case of ethics and accountability standard, which are mostly cascaded from the strategy document, some of its components don’t go along with the agency theory (MoPSHRD, 2017), rather the PS promoted like the Motto of “Serving the public is an honor!” The contents of the 12 Principles of ethics slung almost in most of the PS walls have taken “Honor” as an important attribute of the civil servants. So, the employees are motivated due to an honor not to the benefits gained from employment like the market philosophy of incentives or opportunisms.

Therefore, the ethical codes like serving the public interest, confidentiality, and respecting the law are among the 12 Principles of public servants’ ethics standard. These ethical codes showed mixed results. On the one hand, the characteristics of the TPA like confidentiality are practiced; on the other hand, the characteristics of other initiatives or approaches like the PSM, i.e., the principle of serving the public interest are also included and practiced. Finally, the accountability practice of the AT (PAT) in the PS has changed the scenario of the TPA by creating performance management and measurement that incentivizes or penalizes based on performance results. But, one significant issue that emerges from this study is

that poor performers most likely were not penalized or sanctioned based on performance management and measurement scheme. Though, the public employees are being evaluated on their performance according to the contracts signed, there has been little direct consequence, especially for poor performers. The results indicated that seven people out of ten people believe that there is no sanction for poor performers in the selected public-sectors.

## **Discussion**

The complex contexts like “Diverse Objectives, Public Values, and Diffuse Power” in the selected PS required “Pride in Serving the Public” as in the PSM. It is also important to heed a lesson from the weaknesses of the “One-best-way of doing work (enunciated by Frederick W. Taylor, 1911) of the TPA model. Therefore, the PS needs to consider “Eclecticism and Contexts,” i.e., the co-existence, the dependency, and the home-grown reform approaches to thrive and evolve. Although the Managerialism themes have been recognized as key causal factors for public-sector performance enhancement, they cannot solve by themselves issues that are associated with complex public policies and programmes; thus, succeeding PS reforms required the co-existence of different management approaches called eclecticism.

Therefore, adopting a home-grown civil service reform that considers national contexts and values as part and parcel of the institutional building is of paramount importance. Indeed, the home-grown civil service reform targets the root cause of the problem and delineates home-grown reform trajectories. Accordingly, the study indicated for low levels of competence that knowledge, attitude, and skill aren’t at the required level; resource insufficiency; lack of true accountability that best performers are less recognized and poor performers are less accountable for their accomplishments; and less innovation and creativity in the selected public-sectors. Therefore, these home-grown problems highly require home-grown reform measures as part and parcel of institutional building.

Besides, regarding countries’ contexts, this study explored selected initiatives of NPM in the four Asian regions to analyze cross-country variations to identify the causes that subsidize the problems of the PS reforms. The four countries were taken as the assessment cases for a comparative study, i.e., Malaysia, Singapore, Bangladesh, and Sri Lanka. The study considered that the extent and scope of the contextual factors are different among those Asian countries. So, it tried to examine how the contextual elements, like “political history, party politics, state tradition, macroeconomic considerations, the role of International Development Agencies, and civil society” impact the outcome of NPM initiatives in those countries. The study indicated that contextual factors subsidized a foundational role in which Singapore and Malaysia are in

line with it and are relatively successful to Bangladesh and Sri Lanka (Samaratunge, Alam, & Teicher, 2008).

Consequently, studies (both qualitative and quantitative data types) indicated the insufficiency of resources at all government tiers (Benegrew, 2021; Markos, 2013), though the local or Woreda level is the most affected by deficiencies of resources and equipment (Mo Ibrahim Foundation [MIF], 2018, p. 64) in which insufficient resource can destroy the genuine competition, the conducive working milieu, and the motivation of employees in the PS. For example, the lack of developed or vibrant private firms, the lack of a developed competition system, and the lack of a developed judicial system in the PS have caused negatively the efficiency of the AT (PAT).

... It is the real situation on the ground in developing and poor countries. There was a meeting with the prime minister of Ethiopia in the House of People's Representative with the Members of Parliament in October 17, 2018. The question raised by the Members of Parliament was salary increment of the civil servants across the country. The prime minister is convinced with the salary increment issue raised by the members as well as the civil servants. However, the Prime Minister explained that the country has faced budget pressure due to displacement of citizens in different places of the country and hence, salary increment will not be considered this year. Rather, the Premier requested and emphasized civil servants to be more committed and motivated than ever before to curbe the problems the country has faced. (Benegrew, 2020, p. 14)

Similarly, contrary to some authors (Buchanan, 1975; Mueller, 2004; Niskanen, 1971; UPSC, 2017), the holistic approach is less likely to be misleading. For example, in this study, respondents were provided to choose a single option between two outcomes, i.e., individual interest or organizational interest. Almost 7 respondents out of 10 people preferred organizational interest to individual interest (Benegrew, 2020). However, respondents were provided with the binary outcomes to choose either waiting for instructions or taking initiative. Then, taking an initiative type of culture has got much of the respondents' attention.

This empirical study did not support the assumptions of the universality of AT or PAT. It showed that the public employees are motivated by organizational interest contrary to individual interest, especially skewed to the PSM that stems from an idea of providing public service based on motivation and drives to do good for others or the society (Benegrew, 2020; Horton as cited in Vandenberg et al., 2018; O'Flynn, 2007). The PSM takes the notion that serving the public is a badge of honor by itself. This is the slogan (serving the public is an honor), where it is placed in most of the Ethiopian public-sector. This indicated organizational interest and human relations

as facts of organizational life beside to individual interest and economic benefits.

The other important aspect of Managerialism characteristic is autonomy aka management discretion. The AT (PAT) that underpins the NPM thought focuses on management autonomy. For example, the change of emphasis from ex-ante to the ex-post assessment of results was to create discretionary room for managers. It is recalled that the TPA or the Bureaucratic model diminishes creativity by reducing room for discretionary action (Barzelay as cited in Feeney & DeHart-Davis, 2009) and suppressing the consideration of novel ideas (NPR; NCSLPS as cited in Feeney & DeHart-Davis, 2009).

Therefore, did the transformation from ex-ante orientation to ex-post orientation or from process orientation to result orientation occur in the selected public-sectors? The transformation seemed blurred with less emphasis to result-based civil service. Besides, the SCQ and the qualitative data also indicated "Input" as part of the Capacity Building component instead of adding in "Result" as a component. Accordingly, this incomplete shift could be associated with less management autonomy and less room for discretionary actions. In addition, there has no mechanism so far adopted to monitor the abuse of discretionary authority (just in case) in the selected public-sectors. This study also showed that poor performers and omission of a task are less likely to be accountable. Subsequently, some of the characteristics like being answerable to actions and omissions and entrepreneurial government (doing business and taking risks) are in question.

Finally, under AT (PAT) management discretion is central, i.e., the relationship between the "Principal" and the "Agent" is fixed through a contract. That means the contract lays down the targets like giving information to the principal as to what, how, and when to achieve the results and in turn, the agent is given the autonomy to achieve the results. Therefore, the achievement of result is the central point of AT (PAT) that necessitated management autonomy to practice. However, there was also inconsistency between the principal and the agent in designing, signing, and implementing a contract agreement. With the absence of setting targets for results in the contract agreement, one party will not be able to enforce the other party about the consequences, especially regarding the penalties.

## **Conclusion and Recommendation**

### **Conclusion**

Indeed, the AT theory assumes that individuals and organizations are primarily motivated by financial gain, individual interest and initiative, greater discretion, incentive-based motivation, and centrality of results or

outcomes (Hughes, 2003; Hood, 1991; McCourt, 2013; O'Flynn, 2007; Osborne & Gaebler, 1992; Pollitt, 1993; Robinson, 2015; Rosenbloom et al., 2009; Zogning, 2017). Accordingly, the incentive-based scheme (contract scheme), the centrality of results, and hence management autonomy are not realized as envisioned in the selected public-sectors. Regarding the incentive mechanism, it has been taken as positive reinforcement under NPM to encourage the type of behavior and attitude that is required to take place in the PS (Hughes, 2003; McCourt, 2013; O'Flynn, 2007; Osborne & Gaebler, 1992; Pollitt, 1993; Robinson, 2015).

However, this study indicated mixed practices in the selected PSs, which means it is undertaking both organizational and individual interest-based civil service; the practice of intrinsic and extrinsic benefits, as well the application of waiting for supervisors' instruction and taking initiative in the selected PSs. Accordingly, these features indicated for the required competency frameworks to be different approaches like the TPA, NPM, and PSM adjusted to socio-economic and political realities. Hence, the centrality of results in the selected public-sectors can be ensured by making results as the key factor in planning, reporting, evaluations, rewards, and accountability activities.

In this study, it is also indicated that the contract agreement was not binding as in the AT (PAT) assumptions. The contracting parties also did not discharge their accountability as specified in the contract agreement. Besides, it is indicated that there is information asymmetry, i.e., it is hardly possible for the legislative body to know the performances of the executive body. Similarly, the executive body is unable to know the performances of the private-sector in the case of outsourcing and other forms of privatized public services. So, it is unlikely for the council of ministers to know the performances of each ministry and for the minister to know the subject matter equally like the agent, even among the executive body workforces. Then, it is relatively less likely to measure, manage, and evaluate performances of the executive body and it is also hardly possible to conclude that the system of check and balance works properly; being more deficient to ensure accountability, especially in the case of poor performers.

Furthermore, the study indicated unwritten restrictions to outsource core functions and regaining the already outsourced ancillary services like sanitation, security, and greening services (Benegrew, 2020). Under Managerialism, public-sector services can be delivered in many ways (Shah, 2005). The "Alternatives" range from complete public provision to complete private provision or a mix of these two ways. The rationale for plurality of service provision is that the private-sector, where there is competition, is more efficient and effective than the monopoly in the PS.

One way of addressing these problems is to try to fix the relationship between the principal (legislative body) and the agent (executive body) through a contract. The contract can stipulate the targets the agent must work to achieve, the information she or he must provide to the principal, and the incentives and penalties which good performance/bad performance will attract from the principal (Pollitt, 2003). However, the lack of a developed or vibrant private firm, the lack of a developed competition system, and the lack of a developed judicial system in the PS have likely hindered the efficiency of PAT in the selected public-sectors (Benegrew, 2020).

Finally, as suggestions for future research, this study indicated a creative and an initiative type of PS and a stable type of PS that accepts the existing rules and procedures, which is against the backdrop of the AT theory, both are undertaken in the selected PSs. The initiative is more likely a departure from conformity to rule-breaking. Thus, more research is needed into the creativity and initiative issue in that to what extent it conforms or varies with the issue of taking initiative (NPM) and accepting the rules (TPA); and how to measure it to ensure performance enhancement.

### **Recommendation**

The analysis and results indicated mixed findings. Accordingly, this study recommended the adoption of home-grown reform measures within the context. For example, the "Economic Model of Man" and the "Humanistic Model of Man" are the two models of organizational realities, which indicated recognizing the potencies and preserving what works or else rejecting what does not work. Similarly, the best way of aligning organizational and individual interest and other issues is through adopting the home-grown reform system: The needed competencies (TPA, NPM, or PSM) in the selected public-sectors. The study indicated that there is no one best model or initiative for the PS efficiency, effectiveness, and accountability. The PS needs to practice different approaches based on "What works and what doesn't" standard.

Consequently, the co-existence and application of different approaches in the selected public-sectors founded on the fitting contexts is an organizational reality. Hence, this study indicated that poor performers may not be penalized as the AT proposes; rather the PS may grant them training and development opportunities to enhance their competence and best performers may not be incentivized, since the public value concept supports the idea that being an employee of this sector is an incentive to them in itself. Yet, the information exchange and management autonomy part of the AT theory is basic for the PS to bring about performance enhancement.

Obviously, the PS needs to pass through continuous improvement. Hence, the home-grown problems require



home-grown solutions drawn on socio-economic cultures. The home-grown civil service reform addresses the root cause of the problem and delineates the country's reform trajectories. It assists in appropriately realizing the problems, constraints, and success stories of the PS. It can also enable the PS to back up with relevant theories and forward solutions that best fit the environment. For example, some of the problems in the selected public-sectors include a lack of competence in how to develop, monitor, and evaluate the contract scheme. Then, the reform measures should take into account to solve these practical problems at hand. It should focus on context-based reform measures. The public-sector should develop its own strategic development approach through home-grown civil service reform for successful performance achievements.

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