

# Managing the Coordination of EU Executive Agencies:

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HOW DO MULTIPLE PRINCIPALS JOINTLY COORDINATE THE STEERING OF THE EU  
EXECUTIVE AGENCIES?

**MASTER THESIS**

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## **Abstract**

The present study addresses the coordination of steering of the EU executive agencies by multiple principals. Patterns of steering relationships are firmly grounded in the principal-agent theory. This study goes beyond the simple principal-agent relation and extends with the multiple-principal model. In reality, agents often find themselves surrounded by a multitude of steering actors. The study answers the question of how multiple Directorate-Generals jointly coordinate the steering of the executive agencies by using the example of the Education Audiovisual Culture Executive Agency and the Research Executive Agency. Both chosen case studies have a multitude of supervising steering actors. A qualitative, explorative in-depth study is applied to assess the steering relation of the EU executive agencies on the basis of the multiple-principal model. Methodologically, the study relies on document analysis and interviews. The findings show that there are different levels of coordination. On the institutional level, parent Directorate-Generals govern the agency through membership in a Steering Committee. This Committee is composed of parent Directorate-Generals and steers the agency through strategic management decisions. On the operational level, coordination is more a management matter and differences start to emerge.

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## List of Abbreviations

A	Agent
AAR	Annual Activity Report
AWP	Annual Work Programme
CoA	Court of Auditors
CSC	Common Support Center
DG	Directorate General
DG AGRI	DG Agriculture and Rural Development
DG BUDG	DG Budget
DG CNECT	DG Communications Networks, Content and Technology
DG EAC	DG Education and Culture
DG GROW	DG Internal Market, Industry, Entrepreneurship and SMEs
DG HOME	DG Migration and Home Affairs
DG RTD	DG Research and Innovation
DG ECHO	DG Humanitarian Aid and Civil Protection
EACEA	Education Audiovisual Culture Executive Agency
EASME	Executive Agency for Small and Medium-sized Enterprises
EA	Executive Agencies
EC	European Commission
EU	European Union
ERCEA	European Research Council Executive Agency
EWS	Early Warning System
FP7	Framework Programme 7

H2020	Horizon 2020
IT	Information Technology
M-P	Multiple - Principal
MS	Member States
MoU	Memorandum of Understanding
NPM	New Public Management
OLAF	European Anti-Fraud Office
P-A	Principal - Agent
P	Principal
RA	Regulatory Agencies
REA	Research Executive Agency
StB	Steering Board
StC	Steering Committee



## **Chapter One: Setting the Scene**

Chapter One is divided into five sub-sections. It aims to highlight the significance of the topic and to yield a solid understanding of the subject. The present introduction provides a background of the subject followed by the research purpose and aim of this study. After that, its scientific and societal relevance will be discussed ensued by an outline of the structure of this study.

### **1.1. Introduction**

Administrative decentralization to government agencies has received much attention in recent years (Elston, 2014; Verhoest et al., 2011; Pollitt et al. 2004; Smullen, 2006). Increasingly due to the radical reform of the nature of the public sector towards the end of the 1980s which appears to offer more adaptability and improved performance (OECD, 2002; Harrison, 1993). This phenomenon is commonly framed as the global new public management (NPM) revolution (Hood, 1991). It led to political-administrative changes and devolved organizational landscapes (Laegreid and Verhoest, 2010). The rise of NPM is linked with regulatory trends such as the development of automation in the distribution of public services (Hood, 1991). An important element is the change in the functioning and structuring of the public sector from a centralized to a “decentralized structurally devolved and autonomizing public sector” (Verhoest et al., 2010, p.3).

Two major principles are followed: (1) to “let managers manage by deregulating the use of operating resources”; and (2) to “make managers manage by specifying what is expected of them and measuring their performance against these expectations” (OECD, 2002, p.41). Thus argued, the introduced specialization and autonomy leads to more efficient and effective outcomes for citizens concerning the provision of public services (Verhoest et al., 2010). The essential new element is the division “between responsibility for provision and the provision itself” (Harrison, 1993, p.2). However, there is lots of criticism directed at the NPM reforms. Some scholars argue that NPM reforms did not bring the desired improvements or did not make a difference at all (Overman and Van Thiel, 2015; Pollitt, 2002; Laegreid and Verhoest, 2010; Talbot, 2004; Groenleer et al., 2010).

Public bodies became a “popular vehicle for executing a wide range of functions in a large number of countries” (Pollitt et al., 2007, p.272). They have specific functions, separate provisions and production interests (Harrison, 1993). In particular, the creation of agencies has been one of the most international widespread trends in public management (Pollitt, 2006). Various activities of agencies are steered and coordinated by steering actors referred to as principals in this study (Hood, 1991). The purpose of this is to assure efficient performance and the satisfactory execution of public services.

Based on prevailing academic stand the “NPM doctrine is firmly grounded in the principal-agent theory” (Rones et al., 2007, p.13).

Bertelli (2012) describes a principal as “someone (or some organization believed to have a unified preference structure) who wants something to be done but for one reason or another cannot do it himself” (p.21). In agency relationships, principals delegate specific tasks for execution to another actor. This relationship can be described by the metaphor of a physician and a patient. The patient needs the expertise of the physician as the patient does not have sufficient knowledge to make a diagnosis regarding the illness. Since the physician has a lot of patients, he may conceivably put fewer efforts in the diagnosis to move on to consult other paying patients. As a result, the patient and physician may have a conflict of interest regarding the transaction (Bertelli, 2012).

Ross (1973) states that “the relationship of agency is one of the oldest and commonest codified modes of social interaction. We will say that an agency relationship has risen between two (or more) parties when one, designated as the agent, acts for, on behalf of, or as representative for the other, designated the principal, in a particular domain of decision problems” (p.134). Jensen and Meckling (1976) define the principal-agent (P-A) relation as “a contract under which one or more persons (the principal(s)) engage another person (the agent) to perform some service on their behalf which involves delegating some decision-making authority to the agent” (p. 308). In this respect, principals aim to maximize control over agents through specification of tasks, policing of the agents’ behaviour, monitoring and rewarding (Fayezi et al., 2012).

This results in a complex interplay between autonomized agents and control asserting principals. For this reason, clear missions, objectives, organisational strategies and targets need to be determined in a contract that governs the relation between the principal and agent (Hyndman and Eden, 2000). However, despite the relevance of the P-A approach, general public management literature criticizes the focus on one principal (Moe, 1987, Worsham, 2003). In reality, agency relationships are more dynamic and complex than the P-A model assumes. Numerous scholars indicate that a multiplicity of steering actors has to be considered (Worsham, 2003; Waterman and Wood, 1991; Waterman and Meier, 1998; Meier and Bohte, 2000; Dehousse, 2008; Jensen and Meckling, 1976).

Situations with a multitude of principals frequently occur in political processes and are of growing interest (Helpman et al., 1997). Indeed, research in recent years shows that multiple principals (M-Ps) can be involved in the control of agencies (Verhoest et al., 2011). This situation can be exemplified by

using an example. Agencies can be controlled by a number of parent ministries or by “different units within the same ministry” that “are involved in different kinds of steering” (Verhoest et al. 2011, p.426). Hence, agents may be steered into various policy directions by M-Ps that have diverging preferences regarding the behaviour of the agent. In other words, the steering signals of principals are not aligned when they reach the agency. In cases where M-Ps are active, conflicts of interest can occur among principals. Furthermore, “problems are reported with respect to bad coordination between steering signals or double controls” (Verhoest et al. 2011, p.426).

Coordination is essential because it aims “to create greater coherence in policy and to reduce redundancy, lacunae, and contradictions within and between policies” (Peters, 1998, p.5). In general, the issue of coordination is concerned with the assurance of the stated mission, objectives, and targets (Hyndman and Eden, 2000). Thus, coordination is of particular importance for agents with a larger number of principals. There can be, however, potential pitfalls regarding the coordination by M-Ps. Kraakman et al. (2009) refer to coordination costs between principals that affect the performance of the agent. These can be “difficulties of coordinating between principals” that “will lead them to delegate more of their decision-making to the agents” (p.36). Moreover, in cases where principals have difficulties to “coordinate on a single set of goals for the agent, the more obviously difficult it is to ensure that the agent does the ‘right’ thing” (p.37).

Principals can make use of supervisory mechanisms to control the action of the agent. Planning and oversight systems are indispensable for the effective coordination of steering by M-Ps and hence, the adherence of the desired objectives (Hyndman and Eden, 2000). Nevertheless, there remains a need for more comprehensive studies on the coordination of steering of agents by M-Ps. This study, therefore, focuses exclusively on the role of principals within an EU setting. It aims to answer the question of how M-Ps jointly coordinate the steering of agents and how they coordinate with each other. This study directs its attention to the coordination of steering of the neglected EU executive agencies (EAs). EAs are steered by a multitude of Directorate-Generals (DGs) that are framed as principals in this study based on the M-P model (Europa, 2016; Europa<sup>2</sup>, 2016). The present study is therefore conducted on the study of two different agencies to analyse how the joint coordination of steering happens and how M-Ps coordinate with each other.

## **1.2. Purpose of the Study**

Most scholars have devoted their attention to the autonomy levels, accountability, evolution, behaviour, political control and legitimacy of the independent regulatory agencies (RAs) (Busuico,

2009; Christensen and Laegreid, 2007; Maggetti, 2010; Curtin et al., 2011; Atanassov, 2015; Groenleer, 2009; Verschuere, 2007). Thereby, a considerable body of scientific literature has concentrated on one principal as steering actor concerning EU RAs, EU institutions or member states (MS) often applying the P-A model (Groenleer, 2009). Little research has focussed on the exclusive role of principals and particularly numerous principals (Miller, 2005; Elgie, 2002). The focus and nature of this study lay on its counterpart: M-Ps and the general neglected EU EAs. Altogether, this study serves three purposes. The prime reason why this study is of high relevance is that it investigates M-Ps and the ignored EU EAs. Its first purpose is to examine the steering relation between M-Ps and agents. The conceptual M-P approach contributes to an understanding of the steering relationship. A second objective is to focus exclusively on the role of principals and to add findings to the M-P research. A third purpose is to report comparative research results and connect those to the relevant academic literature. The study aims to position its findings in relation to the associated theory and current state of agency research.

### **1.3. Research Aim**

The aim of this study is to investigate the following research question:

1. How do multiple principals jointly coordinate the steering of the EU executive agencies?

This study seeks to examine how M-Ps together coordinate the steering of the EU agencies. It deals with agency autonomy but focuses exclusively on principals. The M-P model is applied to contextualize agents with a multiplicity of principals. In this study, multiple DGs are framed as principals that steer the EAs due to their supervisory and control function. Principals are in the need to coordinate when they steer agencies to reach their objective. The case studies of the Education Audiovisual Culture Executive Agency (EACEA) and Research Executive Agency (REA) serve as examples to draw conclusions regarding the joint coordination of steering by M-Ps and their coordination among each other.

### **1.4. Scientific Relevance**

The scientific significance of this study is that it departs from the traditional idea of contextualizing one principal and agent but instead takes into consideration numerous steering actors. This study expands on existing work and contributes in at least three important ways. First, rather than focussing on the common RA research this study focuses on EU EAs and hence, broadens the scope of agencies. This type of body has only a temporary mandate and is not considered to be as radical autonomous as it is the case for the RAs. This provides more nuanced insights regarding the coordination of

steering by M-Ps (Groenleer, 2009; Ritleng, 2016). Second, systematic research can shed new insights on the management relation between M-Ps and the EU agencies. It is necessary to study thoroughly the coordination of steering by M-Ps to be able to develop new steering instruments. Those are needed to increase efficiency in the public sector and to reach more satisfactory public outcomes. Third, this study fills the gap in the literature explaining how M-Ps coordinate the steering of the EU EAs and thus, contributes to more transparency in the field. It furthermore widens the range of steering actors. For such a contribution, both in-depth case studies are needed to yield valuable data that is otherwise inaccessible (Van Evera, 1997).

### **1.5. Societal Relevance**

Societal relevance often is associated with the question of whether people care. Gschwend and Schimmelfennig (2007) define that “socially relevant research furthers the understanding of social and political phenomena which affect people and make a difference with regard to explicitly specified evaluative standards” (p.27). Governments provide numerous services to citizens, aim to secure public interests, the functioning of the government and society. Studying the relation between M-Ps and one agent is important considering societal dynamics, multi-actor dynamics, and collaboration in political processes. In reality there is a complex interplay between numerous conceivable steering actors. These potentially impose multiple realities leading to preference conflicts, the ineffective steering of the agent and thus, the insufficient execution of public services (Worsham, 2003; Gailmard, 2009; Meier and Bohte, 2000). As agencies are public bodies they are supposed to act in the best interest of the public. Flawed P-A relations endanger the efficiency of public services and may cause a lack of democracy.

Since the foundation of the EU, the MS have transferred some of their competences to the EU level and there is the supremacy of EU law (Eurofund, 2011). It is particularly important to focus on the Commission since the former proposes laws, manages and implements EU policies that primarily concern all EU citizens (European Commission<sup>11</sup>, 2016). The EAs are key actors since they belong to the group of bodies acting on demand of the Commission and further, implement parts of the EUs policy program all over the MS (Brown, 2016; Zonneveld 2015; Costa and Brack, 2014). For the reason that the Commission deploys several steering actors for managing the coordination of the EU EAs, trying to answer how M-Ps jointly coordinate the steering of EAs is of high significance. Malfunctioning P-A relations may cause the inefficient functioning of the governmental system affecting the public as a whole. Flawed P-A relations between the EAs and DGs can potentially cause

policy contradictions, bureaucratic drift and the unsatisfactory execution of public services (Gailmard, 2009). The EU and national governments need to acknowledge the complexity and multiplicity of steering actors to further improve steering instruments and thus, the provision of public services. One element of societal relevance is practical advice that follows in the final chapter (Schimmelfennig and Gschwend, 2007).

## **1.6. Thesis Overview**

This study is divided into seven chapters, including this first chapter. Chapter Two provides a discussion of the theoretical framework of the study. It encompasses a combination of four theoretical models that serve as a basis to understand the steering relation between principals and agents. General conclusion is that the M-P model is the adequate approach to investigate the governing relationship. The chapter ends with a summary. Chapter Three comprises a literature review of prior agency research. The study theme is placed into context, and it analytically examines research on the EU EAs and the steering of the EU agencies in general. Thereby, it identifies some notable gaps in the current body of academic literature. Chapter Four explicates the research methods. It presents the research design and continues with the motivation for the case study selection. After that, it outlines the data collection, reliability, and validity of this study. Chapter Five introduces the chosen case studies and sets out case descriptions. Chapter Six analyzes the coordination of steering of the EU EAs by M-Ps by the M-P approach. The analysis starts with what is common to both agencies. It continues with the examination of coordination features that are inherent to each agency and concludes with a summary. The concluding chapter Eight comes back to the initial research question and summarizes the research findings. It draws theoretical, practical implications and continues with the research limitations followed by recommendations for future studies.

## **Chapter Two: Discussing the Theoretical Framework**

Chapter Two presents the theoretical framework of the study and is divided into six sub-sections. It introduces four theoretical models that serve as a means to understand the variety of relations between principals and agents. First, it presents the P-A model followed by second, a separate section with an exclusive focus on principals. Third, the study proceeds with the stewardship theory. Fourth, the M-P model is examined to uncover the steering relation between numerous principals and the agent. Fifth, capture theory is elucidated. The chapter finishes with a summary.

## 2.1. Principal-Agent Model

The modern state has two fundamental objectives: legitimacy and efficiency. To reach these goals governments have set up many P-A relations. For instance, governments, institutes or organizations operate various activities to provide public services to citizens. Public organisations can therefore "be seen as a nexus of principal-agent relationships" (Lane, 2005, p.27). I want, first, to introduce the reader to the essential features of the P-A theory and give an overview of the central theme.

Agency theory is "frequently referred to as the principal-agent model" that is used to "explain the behaviours of the principal and agent" (Slyke, 2006, p. 162). The conceptualization of P-A models has had a history in various literature. Some disciplines such as law, economics, accounting and finance set the basis for the development of new theoretical approaches. Early origins of the theory refer to the scholars Ross and Mitnick (Mitnick, 1973; Ross, 1973). Waterman and Meier (1998) asseverate Mitnick as a key figure as he introduced P-A models in political science and discovered imperfect agency relationships. The results of Mitnick's study examine that agency behaviour does not necessarily occur as it is preferred by the principal and that principals' act under imperfect conditions (Mitnick, 1973).

P-A relationships have been extensively studied by various scholars. They have been applied to a range of contractual relations and explain a variety of organizational phenomena (Mitnick, 1973; Ross, 1973; Waterman and Wood, 1991; Waterman and Meier, 1998; Pratt and Zeckhauser, 1985; Slyke, 2006). The P-A theory deals with a particular social relationship in which two actors are involved. These actors are the principal 'P' and the agent 'A'. Both actors are interdependent from each other and driven by their preferences. This relationship is one of delegation in which both players exchange resources. While the principal is the actor who wants something to be done but for some reason is not capable of doing it by himself, the agent is the actor to get the job done. In other words, principals seek for an agent to extend themselves and to whom they can delegate various tasks for execution (Waterman and Meier, 1998).

Principals predispose resources such as money and time to find an agent who is willing to execute the delegated tasks from the principal. These hire agents for their technical expertise, and the agents' organization is built "around the goal shared with the principal" (Waterman and Meier, 1998, p.191). Principals seek to accomplish objectives by undertaking activities that aim to direct the agent towards

the fulfilment of their desired objectives (Braun and Guston, 2003). Both actors conduct a contractual agreement in which they formally determine the terms of the contract, rules, and goals. In cases where agents pursue their goals instead of the principals' sanctions follow. P-A relations are therefore governed by a contract specifying what the agent should do and what the principal must do in return (Lane, 2005).

In essence, the P-A model recognizes two assumptions. First, it presumes the existence of conflicting goals between the principal and agent (Waterman and Meier, 1998). The principals' behaviour is characterized as "wealth-maximising" whereas the agents' conduct is "utility-maximising" (Slyke, 2006, p.162). Second, agents are believed to have more access to information. This results in an information asymmetry which agents potentially use for their self-interest (Waterman and Meier, 1998). The main consequence is moral hazard problems (Slyke, 2006). Ambiguity may surround the efforts of the principal in the form of adverse selection and moral hazard. For this reason, P-A relations are "fraught with problems of cheating, limited information, and bounded rationality in general" (Waterman and Meier, 1998, p.176).

Adverse selection and moral hazard are both monitoring problems. The former equates to the hidden information, and moral hazard refers to the hidden action. Adverse selection relates to principals competing for the services of agents (Riley, 1985). Principals can observe the behavior of an agent, yet they lack the capability to "judge the optimality of the behavior" (Bowie and Freeman, 1992, p.79). In other words, they do not know the quality of the agent (Riley, 1985). Agents are more knowledgeable about organizational needs and know how well they are capable of fulfilling the task of the principal. Moral hazard refers to when principals are not able to observe the behaviour of the agent. Therefore, principals do not know how much effort the agent puts in achieving the desired objectives (Lane, 2005). In reality, contractual agreements between principals' and agents thus remain incomplete (Waterman and Meier, 1998).

Conflicts among principals and information asymmetry make the effective coordination of steering complicated. Both, hidden action and hidden knowledge comprise a considerable difficulty for the steering actors. Nevertheless, there are certain limits to this information asymmetry in cases where the focus lies on policy expertise as principals may obtain information off-setting. Waterman and Meier (1998) point out that "agents have never all of the information and principals never lack all of the



information” (p.199). The process of interaction between principal and agent is a dynamic one, involving multiple moves and frequent interplay (Lane, 2005). In this respect, both actors stand in continuous interrelation similar to control dyadic relationships (Waterman and Meier, 1998).

Despite the obvious relevance of this model to understand the steering relation and “key problems in the public sector” there is growing criticism (Lane, 2005, p.51). Critics argue that the P-A model is too one-sided (Perrow, 1986). It ignores “worker loyalty, pride and identification with the organization’s mission and goals” (Slyke, 2006, p.163). Moreover, it “an inappropriate framework for contractual services that are not easily measured and observed” (ibid.). Dehousse (2008) amplifies that the P-A model would not be able to understand the multiplicity of controls to which European agencies are subjected. He further elaborates that it “is analytically inadequate as it does not take into consideration some of the peculiarities of the EU setting” (p.790) as “politics of agency creation” have largely been shaped by “the multiplicity of principals” (p. 796). Furthermore, the P-A model is “hampered by” its “assumption of a single principal” (Worsham, 2003, p.2). Hence, a closer look reveals that the P-A model is too limited to analyze the steering relation between M-Ps and agents (Poth and Selck, 2009). Also, a broader range of contexts should be taken into consideration (Eisenhardt, 1989).

## **2.2. Principals**

Principals are considered to be the primary holders of executive power and agents the suppliers (Hix and Hoyland, 2005). For effective public governance, principals need to instruct, fund and monitor agents. Governments rely on agents to execute policies and implement programmes (Lane, 2005). Peters (2001) stresses that it is the role of principals and “political institutions to control policy and its implementation” (p.237). Generally speaking, principals do not intervene unless some major or outstanding issue occurs (Verhoest et al., 2010). It is the function of the principals to coordinate the steering of agents to reach their desired objectives. In this respect, they may have to address various problems such as individual goal group incongruence or agents with persistent self-interests (Waterman and Meier, 1998).

To reach the principals’ objective, the former can make use of control instruments. The control function of principals’ is vital to coordinate the steering of the agent. Otherwise, governance problems may occur under hidden action and hidden knowledge (Lane, 2005). Control is a means to steer the agent. To align “the actions of the agent with the goals of the principal, a mix of incentives, sanctions,

information systems (such as reporting procedures), and monitoring mechanisms are employed” (Slyke, 2006, p.162). Such instruments intend to direct the agent’s interest equally to that of the principal (Bowie and Freeman, 1992). Especially the submission of regular formal reports serve as an accountability measure. The assertion of control by principals can take place in various forms. For instance, in the shape of informal contacts; the establishment of common objectives and norms by both principal and agent; or the creation of shared values and persuasion (Verhoest et al., 2010).

As a response to adverse selection, principals screen agents as a means to counteract hidden information. Principals are aware that they need to screen agents before they dispose of resources and delegate tasks. Interestingly, there is a rare chance that principals may have an information advantage in situations such as a military conflict in which intelligence operatives share the same goal with the principal. In reaction to moral hazard, principals can make use of active monitoring and supervisory mechanisms. These intend to keep agents in line and to reach most optimal outcomes (Waterman and Meier, 1998). Different forms of control are necessary since the principal has no guarantee that the agent will act in his or her best interest (Pavan and Calzolari, 2008). However, the monitoring of compliance is difficult and costly as the bureaucratic process is very complex and dynamic (Waterman and Meier, 1998). In cases where principals cannot afford control or monitor mechanisms, they offer a lower financial remuneration that possibly results in low efforts by the agent (Lane, 2005).

Van Thiel (2015) refers to the metaphor of ‘the empty nest syndrome’ to describe tensions between principals and agents. The metaphor depicts children who are leaving their parents’ home and become independent to describe the process of agencification. Principals are referred to as parents in the steering relation and agents as children. Van Thiel further theorizes that principals maintain contact with agents but respect their autonomy. There may be no active sense of steering from sides of the principal as the children detach and become emancipated (Van Thiel, 2015). It is reasonable to suppose that principals potentially do not coordinate and thus, do not steer the agent (Van Thiel, 2015; Van Thiel and James 2011). Notwithstanding, Peters (2001) notes that despite the relative independence of agents, principals regularly keep continually interfering with agents following elections or new policy program.

Principals often “try to influence the selection of the first officials” to avoid that an organization drifts from the ideas of his or her principal (Groenleer, 2009, p.51). Therefore, in the initial phase of

contracting, principals first make arrangements with the CEO of an organization and after that find an agreement with the responding team of agents (Lane, 2005). Principals aim to resolve tensions among organizational goals and incentives of various groups that devise the organizational culture. In the end, principals must have the belief that the agent can provide decent solutions and fulfil the desired objectives before they decide for a particular agent. Since the establishment of an agency depends on the support from the principal, they may face agents who try to be distinctive, adopt towards their political parents and balance demands of the principal (Groenleer, 2009).

### **2.3. Stewardship Theory**

Stewardship theory was developed in order to explain situations in which the interests of both principal and agent are aligned. The term of stewardship refers to various forms of organizational behavior. This theory is framed as “the organizational behavior counterweight to rational action theories of management” and thus, agency theory and the P-A model (Van Slyke, 2006, p.159). In contrast to agency theory, stewardship theory proceeds with different assumptions regarding the relation between the principal and agent. It mostly emphasizes goal convergence instead of individual interests and hence, fortifies goal alignment (Van Slyke, 2006). Stewardship theory “differs from traditional agency theory in that it questions the assumption that a principal-agent relationship will always be characterized by agency conflicts” (Caers et al., 2006, p.28). Although stewardship theory was developed as an alternative to agency theory, the study of Caers et al. (2006) suggest viewing the former “more as a limiting case of agency theory than as an opposing framework” (p.42).

Cooperation and trustworthy relations between the principal and steward follow from two assumptions. First, agents are assumed to adopt a pro-organizational behavior. Hence, the stewards' behavior will not depart from the interests of the principal. This belief originates from the presumption that agents expect more utility from a pro-organizational behavior. It furthermore leads to the creation of governmental structures in which principals are more likely to trust agents (Davis et al., 1997). Second, it presupposes that the goals of both principal and agent are adjusted and hence, both follow collective goals (Sundaramurthy and Lewis, 2003). As a result, “the agent makes decisions he/she perceives to be in the best interests of his/her principals, and views the successes of the organization or contract as accomplishment and incentive for achieving goal alignment” (Slyke, 2006, p.165). The relation between both the principal and the steward is thus, shaped by the nature of their

trust disposition. A shortcoming of the stewardship theory is that it remains largely untested does not account for the existence of M-Ps (Van Slyke, 2006).

#### **2.4. Multiple-Principal Model**

Considering the existence of multiple steering actors in this study, I will apply the M-P model as it appears to have more explanatory power. A vast amount of scholars examine that a multiplicity of steering actors has to be considered (Worsham, 2003; Waterman and Wood, 1991; Waterman and Meier, 1998; Meier and Bohte, 2000; Dehousse, 2008). In fact, agents can find themselves surrounded by multiple steering actors and institutions that compete for the role of the principal (Waterman and Meier, 1998).

The M-P model ensures to capture the “dynamic interaction between multiple principals and a set of bureaucratic agents” (Waterman and Meier, 1998, p.178). Such a measure is required because “most studies now recognize that bureaucratic actions are influenced by multiple macro-level institutions that often compete with one another for the role of principal” (Worsham, 2003, p.2). In reality, the P-A problem “is far more complex than it is normally portrayed in the empirical political science literature” (Meier and Bohte, 2000, p.24). Meier and Bohte recommend for future research to broaden the scope of involved actors and to take into account a variety of different principals and agencies.

With respect to the M-P model, numerous principals aim to assert control and compete over the influence of the agent. Each principal sends his or her steering signals to the agent with the intention to affect the behavior of the agent according to his or her desire (Groenleer, 2009). Principals can use variety of signals to transfer their demands to the agent. The accumulation of multiple diverging steering signals may cause ‘crosspressures’ for the agent (Gailmard, 2009). These often find themselves encountered with conflicting demands. For this reason, agents may be channeled into different directions and are conceivably not able to satisfy the needs of each principal equally (Groenleer, 2009).

Admitting that M-Ps can have common interests regarding the action of the agent, they more often have conflicting preferences concerning the action of the agent. The interplay of M-Ps may consequently cause complex interest and preference conflicts. A potential consequence is that the coordination of steering of agents by several principals is ineffective (Gailmard, 2009). Waterman and

Meier (1998) state accordingly that the multiplicity of principals can have significant implications for the relation between the principal and agent (Waterman and Meier, 1998).

Each principal aims to minimize moral hazard and adverse selection (Groenleer, 2009). In contrast to the P-A model, there is a lower risk of information asymmetry and hidden action concerning the M-P model. It is recognized that each of the numerous principals can monitor the action of the agent. Oversight by one principal reveals information for all the other involved principals simultaneously. Notwithstanding, the level of supervision by principals can descent correlating to the joint interest of the principals. It is widely accepted that each principal may have diverging tasks, ideas and possibly contradicting demands. Control mechanism asserted by numerous principals can, therefore, be less efficient in coordinating the steering of the agent (Gailmard, 2009). Given this background, it seems self-explanatory that agents have an incentive to search for principals that share similar policy goals. Such a purposively and self-interested favoring of certain principals is linked to strategic playoffs against and among principals (Waterman and Meier, 1998).

Interestingly, on EU level there is the absence of a clearly defined principal (Dehousse, 2008). It seems that the “European institutional architecture has been carefully designed to avoid any concentration of power” (Dehousse, 2008, p.790). Presumably, a multiplicity of steering actors was purposefully designed to be part of the EU landscape. Numerous EU institutions reflect the dispersion of power holders and thus, principals (Groenleer, 2009).

## **2.5. Capture Theory**

Agencies were designed as insulated bodies to protect the interest of political groups and the general public (Barkow, 2010). Capture theory refers to the problems that arise when an agency “acts in the interests of the industry it is charged with regulating, rather than in the public interest” (Potter et al., 2014, p.638). Hence, a classic example of agency capture occurs in cases where the agency is “captured” by the industry it is supposed to regulate. This results in a “policy bias in favour of” the interests of the industry (Barkow, 2010, p.22). Such a bias is operating due to a number of reasons. First, regulated industries are well-financed and organized. Therefore, they can carefully supervise the agent. Second, interest groups usually characterized by a strong lobby and can thus impact the agent. Third, interest group sectors offer promising careers in the long-run and have information advantages in their field (Barkow, 2010).

The general public administration literature shows that the absence of principals is typical (Moss and Carpenter, 2014; Damro, 2009; Posner, 1974; Barkow, 2010). In the case of agency capture, it is prominent that there neither is a principal, coordination nor active steering. What is striking is that capture theory is more of “a hypothesis that lacks any theoretical foundations” (Posner, 1974, p.342). Carpenter and Moss (2014) illustrate that the phenomenon of agency capture is not well explored and lacks a standard definition of what capture is. Results of the research highlight that it has to be differentiated between different modes of capture such as statutory, strong or weak capture. The scientific literature does neither explicitly distinguish between various types of capture nor agencies but instead refers mainly to capture regarding the RAs. In contrast to the RAs, the EAs have no political and policy-making power (Timmermann and Andoura, 2008; European Commission, 2002; Eur-Lex, 2016). In this regard, the nature of capture of the EAs might be a different one that should be further explored by future research.

## **2.6. Summary**

To understand the steering relation between principals and agents, I examined a combination of four theoretical lenses and a separate section with an exclusive focus on principals. The primary purpose was to identify a model that would suit to explain the coordination of steering of agents by a multiplicity of principals. It is evident that the P-A model is of analytical relevance to study steering relations. However, it is limited by its assumption of a single principal. Stewardship and capture theory both remain largely untested and do not explicitly conceptualize a multiplicity of principals. Given the discussion earlier, I, therefore, consider the M-P model to have the most explanatory power to answer the research question. Thus, it will be mainly used for the data analysis.

## **Chapter Three: A Literature Review on Prior Agency Research**

The third chapter presents a literature review on prior agency research and is divided into two subsections. It begins with a careful review on the literature on the EU EAs followed by general research of the steering of the EU agencies. The literature review demonstrates the relevant literature covered by academia and contextualizes it with this study.

### **3.1. The EU Executive Agencies**

The EU EAs are considered to be one of the most remarkable institutional innovations in recent history on the EU level. This type of agency became established only after 2003 (Groenleer, 2009; Costa and Brack, 2014, Eur-Lex, 2016). For this reason, the study of the EU EAs is a rather nascent field within the wider academic literature on the EU agencies. Groenleer (2009) defines the EU EAs as “independent organizations within the Commission infrastructure, independent intergovernmental organizations at the EU level, or independent bodies established in the treaties” (Groenleer, 2009, p.90). The EU EAs are autonomous legal entities in their own right. They are further Community bodies with a public service role financed by the Commission (Zbiral, 2009; Brown 2016). Each EU EA is set up for a limited period and has a specific mandate (Costa and Brack, 2014; Zbiral, 2009). Another important element is that these bodies fulfill specific functions such as administrative, technical, coordination or generally management tasks that are delegated to them by the EU (Scholten, 2014; Groenleer, 2009; Costa and Brack, 2014; Brown, 2016)

The current body of literature determines the EAs as a particular type of agency that is set up to serve the EC. Academic literature in the field of public administration recognizes that these agencies have to execute tasks that are assigned to them by the Commission (Brown, 2016; Zonneveld 2015; Costa and Brack, 2014). This type of body is Brussels-based and close located to the Commission and its working departments (Nugent, 2010; Lelieveldt and Princen, 2015). It is known from existing research that the EU EAs are therefore also referred to as internal agencies (Groenleer, 2009). The location of the EU EAs seems to be of high practical importance for supervision. More particularly, the EU EAs are subject to close control and scrutiny of the Commission under which they work (Zonneveld, 2015; Costa and Brack, 2014). Therefore, in general, the EU EAs are restricted in the course of their actions. It is interesting to note that the Commission has the power to create and define the lifespan of such bodies (Brown, 2016).

Two main distinctive features of the EU EAs are autonomy and dependence (Costa and Brack, 2014). The literature acknowledges a certain amount of autonomy of these bodies. It highlights, however, that their primary goal “is to fulfill tasks that are set narrowly and in detail by the Commission” (Zbiral, 2009, p.173). In the same line as authors Lelieveldt and Princen (2015), Scholten (2014) identifies that EU EAs appear to be “‘assistant’ agencies of the Commission” whose purpose it is to “manage and implement certain programs” (p.51). These are European Community programs spread across the MS

(Zonneveld, 2015). Besides, the EU EAs can “exercise executive functions by adopting measures intended to regulate a specific sector” while other EAs “are responsible for the coordination of a particular domain” (Costa and Brack, 2014, p.150). Research finds that the EU EAs have no discretionary power regarding political choices (Vestlund, 2015; Barbieri and Ongaro, 2008; Timmermann and Andoura, 2008). General conclusion is that the prime function of the EU EAs is the implementation of delegated policy programs determined by the Commission (Costa and Brack, 2014; Brown, 2016; Scholten, 2014)

Prominent research displays the different task and function of the Commission and the EU EAs. As can be seen from the literature the supervisory role of the Commission intends to assure that the EU EAs comply with their assigned tasks (Brown, 2016). Supervision of the Commission is carried out by the DGs. Delegated Community programs fall “under the remit of one of the Commission's DGs, each agency is overseen by the relevant DG(s) for the programs under their management” (Brown, 2016, p.83). This results in some EU EAs “having multiple parent DGs” while others while others remain under the supervision of a single DG (ibid.). More broadly, the research of Brown (2016) pinpoints that the Commission designates several additional supervisory bodies such as the Court of Auditors (CoA), the European Anti-Fraud Office (OLAF) or the internal auditor of the Commission (Brown, 2016).

It would be interesting to know more about the supervisory relation between the EU EAs, the Commission and particularly the supervisory parent DGs. While the findings of such research are valuable, it has to be considered that only “few studies have explicitly examined and conceptualized the relationship between the Commission and the European agencies or identified factors that condition such a relationship” (Vestlund, 2015, p.91). A more careful analysis is needed to understand this relation. The literature concerning prior research on the EU agencies contributes to a general understanding of the different tasks and roles of both the EC and the EAs. However, in the current state of research, this kind of relationship is not much explored. Further research is necessary to overcome the identified notable shortcoming as research has largely neglected the EU EAs in the public management literature.



It should, furthermore, be noted that most agency research focusses on the EU RA and specifically regulatory functions among the two types of EU agencies. Few scholars have devoted their attention to the EU EAs (Keleman 2002; Chamon, 2016; Dehousse 1997, Busuioc, 2009; Christensen and Laegreid, 2007; Maggetti, 2010; Curtin et al., 2011; Atanassov, 2015; Groenleer, 2009; Verschuere, 2007). In contrast to the EU EAs, the RAs are referred to as decentralized external agencies that are spread all over the MS (Groenleer, 2009). Both types of agency serve different purposes (Scholten, 2014). For instance, Keleman (2002) examines on how politics have shaped the functional design of RAs and frames one of the EU institutions as a principal. Chamon (2016) looks upon the legality of agencies with a particular focus on the RAs. Other researchers such as Dehousse (1997) illustrate the role, structure, and accountability of the EU RAs post-1992.

### **3.2. Research on the Steering of the EU Agencies**

EU agencies need to get orders from somewhere. The field of public administration has emphasized the importance of steering actors to direct and guide the actions of the EU agencies. Research of Barbieri and Ongaro (2008) stresses that “the activities of the EU agencies are monitored and subjected to rules issued by the European Parliament, the Council and the European Commission” (p. 407). Monitoring of the EU agencies is considered being a control mechanism used by steering actors to restrict and steer the agencies. The primary purpose of this is to assure that the objectives of the steering actor are achieved (Verschuere, 2007). It is recognized that the Commission is the prime actor executing a control function over the activities of the EU agencies. This provides insurance for dissenting behavior of agencies (Sappington, 1991). Notwithstanding, it often can be difficult to define the actor clearly in the role of the principal. Reversely, it is not clearly determined who is considered as the main superior body of the EU agencies (Groenleer, 2009; Dehousse 2008; Vestlund, 2015).

Another stream of relevant contributions regarding the steering of the EU agencies comes from Vestlund (2015). In her research, she acknowledges a distinct role of the Commission and identifies a close relationship particularly between the EU agencies and the Commission. In fact, it is pointed out that the Commission controls the EU agencies by “informal hierarchical structures” (Vestlund, 2015, p.81). It is known from the literature that the EU institutions deploy supervisory mechanisms to control the EU agencies through formal provisions. She insists on the importance of the Commission as control asserting actor (Vestlund, 2015).

As previously implied, the aim of the supervisory function is to apply a control mechanism that serves as a means to steer and coordinate the EU agencies. Steering of the EU agencies needs to be coordinated by principals to achieve their desired objectives. The executive director in line with the mandate of the agency manages the EU agencies. Interestingly, the executive director is appointed on the proposal of the Commission by a management board. This board appears to assert control in various forms of the EU agencies. Based on the information in the present literature, it can be inferred that it coordinates the steering of the EU agencies through the establishment of internal rules, the adoption of the annual work program (AWP) and the annual activity report (AAR) (Barbieri and Ongaro, 2008).

Despite the consideration of the distinct role of the Commission, a shortcoming in the existing research on the steering of the EU agencies is the lack of a clearly defined principal. Some scholars have focused their analysis on the role of the EU institutions and their monitoring functions to which the EU agencies are subjected. However, the configuration of a multiplicity of potential steering actors has not been explicitly addressed and has less often been discussed (Elgie, 2002). Other scholars such as Zonneveld (2016) denote that there is not much knowledge on the coordination of steering by multiple steering actors within an EU setting. Up to now, there is no systematic research on the steering of the EU agencies with a particular focus on M-Ps. Furthermore, there is a shortage of comparative material, and thus, the analysis of the steering relations of the EU agencies remains mostly limited. Altogether, my study aims to fill the previously mentioned gaps in by focusing and expanding the research dimension to the neglected EU EAs and the joint coordination of steering by M-Ps within an EU setting.

#### **Chapter Four: Methodology**

Chapter Four deals with the methodology of the study. It lays out the strategy for answering the research question and is divided into four sub-sections. First, it presents the research design and continues second, with the motivation for the case study selection. The third sub-section elaborates on the data selection followed by fourth, a discussion of the reliability and validity of the study.

#### 4.1 Research Design

In this study, two case studies are in-depth analyzed by using an exploratory research design (Mack et al., 2005). A qualitative analysis is applied to investigate the joint coordination of steering of the EU EAs by M-Ps. An advantage “of qualitative methods in exploratory research is that they allow the researcher the flexibility to probe initial participant responses – that is, to ask why or how” (Mack et al., 2005, p.4). Such a design is “rich and explanatory in nature” (ibid.). Adopting an exploratory qualitative approach consequently increases the certainty to explain the steering relation between the different involved principals and agents (Mack et al., 2005). In its overall set up, the study looks at the EACEA, the REA, and multiple DGs. The working departments of the Commission are the control asserting actors that supervise and monitor the EU EAs. Thus, various DGs are framed as M-Ps in my study (Europa, 2016; Europa<sup>2</sup>, 2016).

Methodologically, the study relies on document analysis and in-depth interviews. For this exploratory study, in-depth interviews are essential because they support to collect “on individuals’ personal histories, perspectives, and experiences, particularly when sensitive topics are being explored” (Mack et al., 2005, p.2). More precisely, the study builds on the following two sources of data for evidence:

- 12 interviews with EU officials from EU EAs and the EC;
- Primary literature such as official EC and agency documents.

From approximately 90 contacted EU officials found through the EU “Who is Who” Web site I have talked to a total of 12 key players in the field. These can be accessed in Appendix A. Testimonials through in-depth interviews allowed gaining inside information that was otherwise not available. Interviewees played an illustrative role (Mack et al., 2005). Originally, I started with nine in-depth interviews. After the interviewing, I turned everything into a more structured format. The interviews were completed with a detailed questionnaire. Three people filled in the questionnaire in which I requested specific information. All interviewees were promised full anonymity. In-depth interview questions and the questionnaire are attached in Appendices C, D, E, F, and G. Given the research design, the research procedure in the analysis will first investigate what is common to both of the EAs and continues to scrutinize intrinsic coordination features for both cases.

#### **4.2. Selecting the Cases: the EACEA and the REA**

The case study selection of this study is divided into two parts. Part one motivates the choice for the case selection whereas part two justifies why particularly the cases of the EACEA and the REA are chosen. In this study, I have selected the EAs for the reason that this type of agency has attracted little interest in EU agency research. In part, this may be due to the recent establishment of EAs. In total, there are six EU EAs (McCormick, 2015). The chosen cases serve as a means to learn something about the population of cases from which it is drawn (Rohlfing, 2013).

Main selection criterion was to choose well-established cases with a number of supervising DGs as otherwise cooperation would not be sound ingrained. Cases with a number of parent DGs allow to investigate the joint coordination of steering and give insights into the complexity of the program coordination by M-Ps. Four among the six EAs met this criterion. Among those, the EACEA and the REA were randomly chosen. Both agencies represent entrenched and stable cases since their initial set up in 2005 and 2007. The EACEA and the REA are well selected in the sense that they have a multitude of parent DGs and thus, represent a sample of the six EU EAs explaining the joint coordination of steering.

Besides, a selection criterion was to decide for two contrasting cases with regard to the prime focus of this study (Meyer, 2001). As membership in the main body of joint coordination is limited to five DG representatives, it was additionally interesting to select the two cases of the EACEA and the REA among which one exceeds the number of five parent DGs whereas the other case remains below the limit. Given this information, it makes both cases eligible to investigate how multiple DGs jointly coordinate the steering of the EU EAs.

#### **4.3. Data Selection**

Primary documents and interviews are used to investigate the joint coordination of steering by M-Ps. In the present description of the data selection I will outline what type of data I used to (1) examine coordination elements common to both of the EAs; (2) investigate intrinsic coordination features of each case. After that, I will broadly outline the interviewees and what type of position they occupied. The study refers to the number of respondents alphabetically and will relate to each interviewee by the assigned letter in the analysis. Selected respondents were representatives of various levels depicting different types of people.

To analyze coordination elements common to both of the EAs I use the following documents:

- Council Regulation 58/2003 laying down the statute for EAs to be entrusted with certain tasks in the management of Community programs;
- Commission Regulation (EC) No 651/2008 establishing a standard financial regulation for EAs;
- Commission Decision C(2014) 9109 establishing guidelines for the establishment and operation of EAs.

In addition, I use a number of smaller documents such as:

- Commission Communication C(2008) 135 final on European Agencies – The way forward {SEC(2008) 323};
- Commission staff working paper on assessing gaps between the internal control framework of the Commission Services and set out control principles by the CoA;
- Commission staff working document C(2005) 190 final on guidelines for the appointment of heads of Community agencies;
- Commission Decision on the Early Warning System to be used by authorizing officers of the EAs (2014/792/EU);
- Communication to the Commission on the delegation of the 2014 – 2020 programs to EAs SEC(2013) 493 final;
- Special Report No 14 (2009) from the CoA on the delegation of implementing tasks to EAs.

To interrogate the intrinsic coordination features of both of the EAs I use the following case specific documents:

- Commission Decision delegating powers to each agency with a view on the performance of tasks linked to implementation of specific Community programs (C 2013(9189 final); C(2008)3980 final);
- Memorandum of Understanding (MoU) (Ref. Ares (2016)664704; Ref. Ares(2015)1333575);
- Commission Decisions on the Composition of the Steering Committee (StC).

Moreover, I use some smaller documents such as:

- Commission Decision setting up the Agency ((2005/56/EC); (2008/46/EC));

- Commission Implementing Decision on the extended agency mandates until 2024 ((2013/776/EU); (2013/778/EU));
- Some AARs. For the EACEA 2012 – 2014 and for the REA 2012 and 2014;
- AWP of the EACEA of 2015;
- AARs of four DGs between 2013 and 2014;
- Evaluation report of the operation of the agency;
- Specific delegated programs to the agency.

The following documents I will not use due to unavailability:

- Minutes of the StC meetings<sup>1</sup>;
- AWP of REA<sup>2</sup>.

I talked to the following types of profiles in the interviews:

- (A) An assistant of a director of an agency;
- (B) A former StC member of an agency;
- (C) An employee of a DG involved in finance;
- (D) An employee of a DG involved with EAs and who had contact to the StC;
- (E) An employee of an agency who had contact to the StC and is involved in the coordination with the DGs;
- (F) An employee of the DG RTD unit coordinating the delegation of program implementation to EAs;
- (G) An adviser of a DG;
- (H) An employee of a DG related to finance and administration;
- (I) An employee of a DG;
- (J) An employee of DG HOME;
- (K) An employee of a DG related to policy frameworks;
- (L) An employee of DG CNECT.

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<sup>1</sup> I had requested these documents at the general secretariat of the European Commission on the EU transparency side. The Commission is working on my request to access documents since April which implies a substantial procedure. However, I have not yet received them and thus, will not use them; <https://ec.europa.eu/transparency/regdoc/index.cfm?fuseaction=fmb&language=en>

<sup>2</sup> I had requested the document by the REA but did not receive it.

#### **4.4. Reliability and Validity**

Stebbins (2001) research concerning exploratory research in social sciences refers to reliability as “the replicability of a researcher’s observations; it turns on the question of whether another researcher with similar methodological training, understanding of the field setting, and rapport with its subjects can make similar observations (p.9). On an overall basis, the information gained through the interviews could be verified by primary documents ensuring consistent results. The reliability was further increased by cross-checking the obtained interview information with a majority of interviewees. It should be recognized, however, that the views of the respondents are purely informal and can not reflect the formal position of the Commission.

Validity in exploratory research often is associated with the term credibility (Stebbins, 2001). The study experiences a rather high external validity. The results of the study show that the EAs are set up and coordinated in a similar way. There are features common to all the EAs that ensure consistent results. All EAs have a StC through which multiple DGs coordinate the steering of the EU EAs. Moreover, all have management bodies that are used to coordinate them through their delegation acts. The increased number of interviewees allows “to constitute grounds for valid generalization” (Stebbins, 2001, p.8). Therefore, the chosen case studies represent a sample of the population of EU EAs. Lastly, the purely explorative research approach ensures high internal validity given that there is no dependent and independent variable whose relation could be affected by other factors (Johnson et al., 2015).

### **Chapter Five: Case Description**

Chapter Five introduces the chosen case studies. It first provides a description of the EACEA and continues with the REA for a general understanding of both cases.

#### **5.1. The EACEA**

The EACEA is based in Brussels and was created in 2005. This agency is among one of the first established EU EAs that started to operate fully in 2006 (European Commission<sup>3</sup>, 2005). The number of employees responsible for the smooth running of the agency counted up to 458 staff members in 2014. Amongst them are 350 contract agents and 108 seconded officials (European Commission<sup>10</sup>, 2016). Director of the agency is Brian Holmes, who was appointed in 2012 (European Commission<sup>6</sup>, 2013). The agency is responsible for the management of community action in the fields of education,

audiovisual and culture. It implements delegated programs, however, has no policy discretion. Due to a positive cost-benefit analysis and the efficient implementation of delegated programs (European Union, 2013), the mandate of the agency was extended until 2024 (European Commission<sup>4</sup>, 2013). It is evident that the agency has a positive cost-benefit analysis and efficiently implemented previously delegated programs (Ecorys, 2013). For this reason, it seems self-evident that the mandate of the agency was further extended until the year 2024 (European Commission<sup>4</sup>, 2013). The EACEA's operational budget amounts more than € 600 million per year (European Commission<sup>10</sup>, 2016) with an administrative budget of € 49 million (Ecorys, 2013). The EACEA is an autonomous legal entity (Ecorys, 2013). Notwithstanding, it operates under the supervision of four parent DGs (Europa, 2016). More precisely, each of the EACEA's parent DGs delegated a program to the agency that is supervised by the corresponding thematic DG. The following DGs are parent DGs of the agency:

- Education and Culture (DG EAC);
- Communications Networks, Content and Technology (DG CNECT);
- Migration and Home Affairs (DG HOME);
- Humanitarian Aid and Civil Protection (DG ECHO), (Europa, 2016).

## **5.2. The REA**

The Brussels-based REA was set up in 2007 and started to operate fully in 2009 (European Commission<sup>3</sup>, 2008; Europa<sup>2</sup>, 2016). In total, the agency employs some 545 staff members (European Commission<sup>9</sup>, 2016). Since 2012, director of the agency is Gascard Gilbert (European Commission<sup>8</sup>, 2016). The REA is responsible for the management of research proposals, funded projects and community activities in the field of research. Besides, the agency strives for effective research and innovative programs (European Commission<sup>2</sup>, 2016). In 2014, the Commission delegated parts of one of its largest research programs in history to the agency. Hence, the primary activity of the REA is the implementation of parts of the delegated Horizon 2020 (H2020) program (European Commission<sup>7</sup>, 2016). It appears that in general the agency efficiently implemented delegated programs in previous years. The agency's evaluation report acknowledges this. Given this, it comes naturally that the agency's mandate was extended until 2024 (European Commission<sup>5</sup>, 2013). The REA's operational budget comprised approximately € 1.6 billion in 2014 with an administrative budget of €60.1 million in 2015 (Europa<sup>2</sup>, 2016). Having its own legal personality, the REA is an autonomous body (European Commission<sup>8</sup>, 2016). It operates under the supervision of six parent DGs. Each parent DG of the



REA has delegated a part of the H2020 program to the agency that is supervised by the corresponding thematic DG. The following DGs are the parent DGs of the REA:

- Research and Innovation (DG RTD);
- Internal Market, Industry, Entrepreneurship and SMEs (DG GROW);
- Education and Culture (DG EAC);
- Communications Networks, Content and Technology (DG CNECT);
- Agriculture and Rural Development (DG AGRI), (Europa<sup>2</sup>, 2016);
- Home (DG HOME), (European Commission<sup>8</sup>, 2014).

## **Chapter Six: Data Analysis**

Chapter Six reports the findings and observations concerning the joint coordination of steering common to the EACEA and the REA. A qualitative analysis is applied based on primary documents and interviews. The data analysis is divided into four main sub-chapters. The first sub-chapter analyses coordination features common to the EACEA and the REA. After that, the examination of intrinsic coordination features inherent to each of the case studies follows in the second and third sub-chapter. The chapter concludes with a summary. At all stages, interviews are used to support and supplement the information given in the documents.

### **6.1. Coordination Features Common to Both the EAs**

The first sub-section starts with a general background of the study theme. Mapping of the joint coordination of steering common to both the EACEA and the REA is scrutinized by three core documents that govern all six EU EAs. These are the following: (1) Council Regulation (EC) No 58/2003 laying out the statute for EAs to be entrusted with certain tasks in the management of Community programs; (2) Commission Regulation (EC) No 651/2008 establishing a standard financial regulation for EAs; and (3) Commission Decision C(2014) 9109 establishing guidelines for the establishment and operation of the EAs. Both agencies are governed by the same legal framework and thus, coordinated in a similar way.

### **6.1.2 Background**

EAs in the EU are responsible for the implementation of delegated policy programs. The Commission develops and determines the content of such policy agendas. To implement a particular policy, the Commission occasionally decides to transfer some of its programs to the EU EAs. For efficient program implementation by the agencies, the Commission assigns parent DGs that are responsible for monitoring the activities of the EAs (Interview E). Hierarchically, the Director-General heads each DG (European Commission, 2013). Both parent DGs and the agency are interdependent and manage such programs together (Interview E).

A MoU governs the cooperation modalities between the parent DGs and the agency (interview A, E, H, K). The MoU complements the delegation of powers act of each agency and was adopted by the Commission. Hence, certain aspects of coordination already have been defined by the Commission. Parent DGs are responsible for achieving the political and policy objectives of the delegated program (Interview F; European Commission<sup>2</sup>, 2013). It is important to reiterate that DGs have policy discretion whereas EU EAs have an implementation function. The agency's activities are determined in its AWP. The AWP delineates the use of the operational budget for the funding programs (Interview G).

Three interviewees (G, C, D) underlined that each policy program is defined for seven years by the multiannual financial framework (MFF). Each program is broken down on an annual basis determining the annual budget available for the implementation. Once a program is defined, the thematic DGs can forward policy programs for implementation to the EAs corresponding to their portfolio. EU EAs can implement a variety of different programs depending on the number of delegated programs by the DGs. Therefore, the number of parent DGs can vary from one as in the case of the European Research Council Executive Agency (ERCEA) up to seven in the case of the Executive Agency for Small and Medium-sized Enterprises (EASME) (Europa<sup>3</sup>, 2016; interview F).

### **6.1.3. Council Regulation (EC) No 58/2003**

Council Regulation 58/2003 entrusts the EU EAs with certain tasks in the management and implementation of Community Programs (Eur-Lex, 2016). The EC has delegated the responsibility for implementing such programs to EAs. This regulation thus regulates the governance of the EAs regarding aspects such as structure, tasks, operation, budget system, staff, supervision, and

responsibility. After analyzing the document, it is evident that it puts stringent obligations on the EAs and sets out some instruments that are used to coordinate the steering of the EU EAs.

There is a diversified mix of established instruments used to coordinate the steering of the EU EAs. Part of this set of steering devices include the following: (1) the StC; (2) the director of the agency; (3) EC external evaluation reports; (4) compliance with the principle of sound financial management; (5) intensified collaboration with DGs; (6) supervision by the OLAF, the CoA, the Commission and its internal auditor (Eur-Lex, 2016).

It appears from the data that overall, a particular emphasis is given to the StC and the director concerning the joint coordination of steering of both of the EAs. The StC and the director represent the top management of the agency that jointly steer such bodies. Parent DGs multilaterally review the performance of the agency in the StC and make strategic management decisions together with the director (Interview F). The EACEA and the REA are both steered through reporting and planning functions by the StC (Interview G). Hence, both are of prime relevance for this study. Role and function of the StC and the director will be explained more in detail in the following sub-sections.

Within the scope of this study, it should be noted that both agencies are required to “collaborate intensively and continuously” with the DGs that are involved in managing the programs of the agency (Eur-Lex, 2016, p.2). As can be seen from the Council Regulation DGs are entitled to ask the agency for the submission of regular reports related to the performance of tasks of the agency (Eur-Lex, 2016). It can, therefore, be inferred that reporting mechanisms and the supervisory function of DGs are a means to coordinate the steering of EU EAs.

Close supervision is furthermore reflected in the fact that the EU EAs are supposed to be closely located to the EC and hence, the Commission departments and services (European Commission, 2008). Moreover, the EC appoints key staff in the EAs (European Commission, 2005) and their human resource management should be “as far as possible be aligned with HR practices in the relevant parent DG” (European Commission<sup>2</sup>, 2013, p.12). The given information implies that close cooperation facilitates the coordination of steering.

In particular, coordination is of significance for EAs such as the EACEA and the REA with a multiplicity of parent DGs. To coordinate approaches of the DGs is a key “as not to create too much pressure or even conflicting requirements, where one part of the delegated programs could jeopardize others” (Interview F). The political and policy goals are more likely to be achieved with a smooth coordination among all parent DGs and the agency so that DGs can coordinate with each other to steer the agency.

#### **6.1.3.1. The Steering Committee**

The StC is the highest institutional governing and supervision body of the EU EAs by legislation. The parent DGs collectively exercise supervision in the StC. Tasks of the StC are described in Article 8 and 9 of Council Regulation 58/2003 (Eur-Lex, 2016). This committee is a body that consists of five representatives of the agency’s parent DGs. In the case of more than five parent DGs, a rotating representation scheme is applied. Although not stated in the regulation, there can be observers from other DGs sitting in the StC (Interview F). Interviewee G says that “the formal and only ‘coordination’ meeting is the Steering Committee” in which multiple DGs coordinate the steering of the agency.

Therefore, the coordination of steering of the EACEA and the REA by various DGs has to be seen in the context of the StC as the main body of joint coordination by DGs. In the StC, parent DGs coordinate among each other to steer the agency. This body is designed to enhance coordination tasks and can be described as the governing board of the agency in which parent DGs coordinate themselves (Interview C). In other words, parent DGs “govern the agencies through Steering Committees” (Interview F). From a hierarchical view, it represents the highest level of coordination among DGs and can be seen as the most traditional form of coordination (Interview F). The members of the StC are senior managers from the thematic parent DGs “usually at the level of the Director-General, Deputy Director-General or Director” (Interview F, L). This results in having the same people in the StC and a management position in a parent DG.

Meetings of the StC take place at least four times a year (Eur-Lex, 2016; Interview C, D, G, L). The StC consists of five appointed members by the Commission and chooses its chair- and deputy-chairperson among its members. In principle, the term of office is two years (Eur-Lex, 2016). It is the responsibility of the chairman of the StC to inform the DGs on the decisions taken during the meeting or any relevant subject concerning the agency. The StC appears to be an essential element to enhance effective coordination and cooperation among the DGs (European Commission<sup>3</sup>, 2014).

Decisions taken by the StC affect every part of the agency (Interview F). Inherent to the system of the StC is that it takes decisions by a simple majority of votes of its members (Eur-Lex, 2016). Each member of the Committee has one vote and can promote its interest. All votes count equally and all DGs stand on an equal footing (Interview H). Thus, it is apparent that the structure of the StC appears to be democratic in its essence. Although the Council Regulation states the usage of votes, in reality, the StC makes decisions consensually and by unanimity (Interview F). Hence, decisions are made similar to a consensus governance model. Interviewee G described it as a “common cooperation style”. In general, it should be noted that there can be exceptions “usually handled directly between the agency and the parent DG in charge” (Interview F). However, several interviewees mentioned that one primary parent DG is playing a leading role in the relations with the agency (Interview D, C, E, F). The lead parent DGs is also the DG that assumes the role of the chair in the StC (Interview F). As can be recognized, the lead DG appears to have a dominating role in the coordination process.

Points of discussion in the StC are for instance administrative issues, staff regulations, evaluations, programs or the AAR of the agency. The StC takes and validates formal decisions such as the AWP and the AAR (European Commission<sup>2</sup>, 2015). Furthermore, it decides on the organization of the agency, adopts the administrative budget of the agency and annual accounts (Eur-Lex, 2016). The DGs have to perform tasks with a “large measure of discretion implying political choices” such as setting objectives or adopting AWP's including decisions regarding financial matters (European Commission<sup>3</sup>, p.8, 2014). Furthermore, the director informs the StC on issues such as the implementation of the operational and administrative budget and human resources. During the meeting parent DGs report to each other on the implementation status of their delegated programs to the agency. Thus, all parent DGs are informed about the agency’s activities and current affairs between the thematic DGs and the agency (Interview E, D).

Concerning the preparation of the StC meetings, DG services prior analyze “matters to be discussed and develop a line to take” (Interview G). Interviewee G continued, “this may, occasionally, concern divergent views of the DGs, which, if important, are clarified before the meeting”. The StC is described as a body in which debate does not take place although it potentially could. A debate is considered to be a sign of failure that implies that meetings were not sufficiently prepared (Interview B). It seems that “some points are discussed in advance in a less formal setting between several StC members” (Interview F). Therefore, it is not clearly visible how the StC takes decisions as certain information are not available.

The most important document discussed in the StC is the agency's AAR (Interview E). AARs outlines the work of the agency by individual indicators mentioned in the AWP (European Commission<sup>3</sup>, 2014). The StC multilaterally adopts AWP's based on a draft by the director comprising detailed objectives and performance indicators (Eur-Lex, 2016). Parent DGs can assess the agency's performance by comparing key indicators stated in the AWP of the agency against the indicators in the AAR (European Commission<sup>2</sup>, 2015). The annual planning cycle, therefore, forms the basis of the monitoring of the agency's activities for the StC that oversees the planning and reporting (Interview G). The StC aims to assure that the agency properly aligns its work with what is stated in the AWP through its supervisory function. For this reason, the parent DGs have to coordinate with each other on a high level to have an overview of the activities of the agency (Interview D).

However, it is an ambition to create more consistent and structured "approaches for particular policy areas" of DGs (European Commission<sup>2</sup>, 2005, p.22). DGs occasionally start to focus on "control objectives rather than formal compliance" to ensure efficient operations (ibid.4). However, a report by the CoA states that "the executive agencies have generally been assigned tasks without results-oriented objectives and related targets" (CoA, 2009, p.24). This implies that there is room for improvement and regarding the assessment of the EAs and a common coordinated approach to steer this type of agency by the DGs.

The role of the StC can be exemplified through the metaphor of 'the captain and his crew on a ship' (Interview E). While the captain of the ship is visualized as the EC, the ships' crew is the agency. All actors know where the ship is heading. Each player is aware of its responsibilities on the collective journey without the captain continuously reinforcing the precise moves of each player. The tasks of both the agency and the parent DGs are limited given the legislative framework of the EU EAs since some tasks are only reserved to the Commission. (European Commission<sup>3</sup>, 2014). Hence, one should consider that the StC has certain legal provisions, statutory requirements (Interview E) and is bound by the content of policy programs given by the Commission (Interview G).

### **6.1.3.2. Role and Function of the Director**

The director represents the agency is responsible for its daily management. He or she is appointed by the Commission for a renewable term of four years. He or she sets up management and internal control systems to ensure the lawful operation of the agency. Tasks of the director complement the supervisory functions of the parent DGs. Most commonly, the director is someone from the leading

parent DG contrary to the chairperson of the StC (Interview F). The manager of the agency is, therefore, a DG representative that ensures close supervision by the parent DGs (Eur-Lex, 2016).

Heads of the EAs are also referred to as authorizing officers by delegation from the EC “as regards implementation of the operational appropriations relating to the Community programs in the management of which the executive agency is involved” (Eur-Lex, 2016, p.4). In short, the director is authorizing officer for the implementation of spending operations. Authorizing officers are by legislation endowed to be fully informed of “of threats to the Union’s financial interest” (Eur-Lex<sup>4</sup>, p. 1, 2016). The EC established the early warning system (EWS) for authorizing officers in EAs and the EC to protect financial fraud.

Tasks of the director include the preparation and participation in the work of the StC. Managers are responsible for assuring that the StC “receives all relevant information, particularly relating to the establishment and implementation of internal control framework” (European Commission<sup>3</sup>, p.26, 2014). Furthermore, directors report back to all the parent DGs of the agency to inform them about the activities of the agency (Interview D). The reporting function ensures collaboration between the agency and the thematic DGs.

Also, the director drafts the AWP of the agency for the StC. The director is responsible for implementing the AWP and thus, the implementation of Community programs as authorizing officer. Of particular importance is that the managers of the EAs prepare and publish the AARs of the agency. These are of crucial importance as they serve as a basis for the joint coordination of steering of the EAs by DGs in the StC. Regarding budget, the director has to provide and draw provisional statements regarding the agency’s revenue and expenditure. Each director has to make a draft of the operating budget covering the agency’s running costs. Besides that, directors implement the administrative budget of the EU EAs<sup>3</sup>.

To conclude, the director can be seen as a connector between the agency and the parent DGs as he or she is involved with both. Hence, the work and role of the director helps to ensure smooth coordination among parent DGs and the agency. Directors have to comply with the obligations laid down in the financial regulation for the EAs that will be analyzed in the next section.

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<sup>3</sup> The administrative budget includes running costs of the agency such as heating, building costs while the operating budget is used for the implementation of community programs.

#### **6.1.4. Commission Regulation (EC) No 651/2008**

Commission Regulation 651/2008 establishes a standard financial regulation for EU EAs (Eur-Lex<sup>2</sup>, 2016). This regulation recognizes the legal personality of EAs and governs the implementation of the operating and administrative budget of the EACEA and the REA. It thus determines the budget both EAs have for the spending operations of the delegated programs (Eur-Lex<sup>3</sup>, 2016). Analyzing the regulation illustrates a broad mix of interrelations between various actors. However, the primary focus of this study remains on the DGs and the agency.

Parent DGs coordinate about financial issues that directly affect the agency. Both agencies have to send each year “an estimate of” their “revenue and expenditure... drawn up by” the director and adopted by the StC (Eur-Lex<sup>2</sup>, 2016, p.3). More precisely, the director has to make a draft of the operating budget for the spending operations for the agency for the following financial year. This draft is submitted to the StC. Parent DGs coordinate among each other to approve and adopt the final accounts of the agency. After that, the operational budget is determined by the AWP of the funding programs of DGs that are delegated to the EAs. As a result, the joint coordination of steering of EAs by parent DGs can be seen from a financial perspective too.

Besides, regular reports from sides of the agency serve as a basis for parent DGs to remain informed about the agency’s financial activities and thus, ensure financial supervision (Eur-Lex<sup>2</sup>, 2016). The “planning and reporting of an EA has to be seen in the context of the annual budget cycle” (Interview G). Accordingly, the Financial Regulation states the budget shall be established in compliance with the principle of annuality (Eur-Lex<sup>2</sup>, 2016, p.2).

In cases where the director decides “on transfers of appropriations within the operating budget,” he or she has to inform both the EC and the StC (Eur-Lex<sup>2</sup>, 2016, p.3). Against this background, the power of the director is restricted, and coordination among the parent DGs is reinforced. The financial regulation requires the director to report furthermore to the StC “on the performance of his duties in the form of an annual activity report together with financial and management information” (Eur-Lex<sup>2</sup>, p.5, 2016). This showcases the importance of the AAR since the parent DGs use the former to coordinate together.

The StC appoints a seconded official or “a member of the temporary staff recruited by the agency” who is responsible for the “proper implementation of payments, the collection of revenue and recovery (...)” (Eur-Lex<sup>2</sup>, p.5, 2016). This can be seen as a direct result of the joint coordination of steering by the DGs in the StC. Moreover, internal auditing services are deployed in the agency to



advise the authorizing officers (directors) on dealing with risks. It is known from the regulation that the internal auditor reports to the StC and the director findings and recommendations. It can, therefore, be concluded that this can facilitate coordination among parent DGs to find appropriate measures and supervision mechanisms to prevent fraud.

#### **6.1.5. Commission Decision (2014) 9109**

The Commission Decision (2014) 9109 establishes a general framework and guidelines for the operation of EU EAs. Its purpose is to help “Commission services that use or intend to use executive agencies to manage their funding programs” (European Commission<sup>3</sup>, p.7, 2014). It is apparent that this document lays out a basis to support the efficient coordination of steering of the EAs by the EC working departments and services. The guidelines consist of numerous chapters. Given the subject of this study, emphasized is placed upon chapter eight related to the management of the relations with EAs. Two primary relationships are of relevance for this study. These are the following: (1) relationships between the director and the StC; and (2) the supervision of the agency by parent DGs.

First, I would like to address the relation between the director and the StC. The director and the agency have bilateral contact to parent DGs on a daily basis. Together, they deal with thematic details of the delegated programs (Interview F). Also, the director keeps in contact with the StC. However, the StC does not interfere on discussions and thematic details on the operational (management) level (Interview F). The coordination of steering takes place into two levels. On the operational level, the thematic parent DGs coordinate and steer the agency bilaterally, whereas the joint coordination of steering happens on the institutional level in the StC. The function of the director is crucial for the work of the StC and thus, the coordination of steering. He or she ensures that the StC “is specifically informed of any fact, situation or matter relating to management, in particular financial and/or reputational questions, which could have a significant effect on the accountability of the director and the responsibility of the committee” (European Commission<sup>3</sup>, 2014, p.16). It seems plausible that the director limits the power of the agency through his or her supervisory functions and presence in the agency. In agreement with the parent DGs, the director carefully supervises the working environment in the agency and sends reports to the other DGs. As can be seen, the function of the director contributes to the coordination of steering by the DGs and among the DGs in the StC.

Now I would like to concentrate on the supervision of the agency by the parent DGs. The objective and mission of the parent DGs are to scrutinize the properly operation of the delegated programs and

in general the supervision of the activities of the agency (European Commission<sup>3</sup>, 2014; Interview F, E). The activities of the agency are monitored “by means of participation of the parent DGs in the StC” and “by regular coordination meetings at management level and further contacts at working level” (European Commission<sup>3</sup>, 2014, p.26). In each DG and agency, there are responsible units that execute tasks related to the delegated program on the operational level. The responsible units in a DG are in constant contact with the corresponding service in the agency concerning the relevant program (Interview F). Together they cooperate on aspects regarding the project implementation (Interview F) and thus ensure supervision and coordination. On a more general note, means of control “are embedded in the organizational set up of the agency” (European Commission<sup>3</sup>, p.26, 2014). This includes the previously indicated reporting obligations of the agency towards the DGs. Reporting mechanisms together with the internal auditor of the EC and the CoA present a “solid foundation on which the parent DGs” can “build additional supervision arrangements” (European Commission<sup>3</sup>, 2014, p.26).

## **6.2. Managing the Coordination of the EACEA**

This sub-chapter is divided into four themes. The structure for analyzing intrinsic coordination features of the EACEA is as follows: first, it begins with a section on the relation between the agency and its parent DGs. Second, it continues with a section focusing on the EACEA’s parent DGs. After that, it third examines the terms of cooperation between the EACEA and the parent DGs based on the corresponding MoU. Fourth, the last section scrutinizes StC compositions of the EACEA to gain information how the coordination happens.

### **6.2.1. The EACEA and the Parent DGs**

To start with, it is crucial to distinct between the administrative and the operational side of the EACEA (Interview E). On the administrative side, the agency only works together with the DG EAC that supervises the agency on administrative and resource matters. Responsible for this performance is the resources and planning unit ‘R’ within DG EAC and particularly the unit R2 for finances, accounting and programming (Interview I; Europa<sup>4</sup>, 2016). On the operational side of the agency, thematic parent DGs supervise the implementation of delegated programs and collaborate with the agency. The results and findings of the supervision by each thematic DG are multilaterally discussed in the StC by all four parent DGs of the EACEA.

The EACEA has a complex programmatic structure due to four delegated programs to the agency. This involves a variety of sub-actions for each program (Interview I). The consequence of this is that coordination is particularly complex. Despite the different delegated programs and their diverging coordination needs, there are elements of common interest such as information technology (IT) architecture (Interview A). The EACEA aims to create harmonization across its programs on administrative side (Interview E). As a means of standardization, the EACEA has its own IT, legal and audit capacity to use for the different programs (I). This facilitates coordination in areas of mutual concern between the parent DGs from sides of the agency. In the delegation of powers act Article 8 also reinforces the use of shared support services and tools (European Commission<sup>3</sup>, 2013). However, a centralized body to create coherence and harmonization among the four different delegated programs does not exist.

Parent DGs of the EACEA enhance the coordination of steering of the agency through reporting mechanisms. The agency is obliged to submit regular reports to the “director-general of the parent DGs and to the Steering Committee” (European Commission<sup>3</sup>, p. 16, 2013). In this reporting process, the ECAEA is obliged to provide program specific information to each thematic DG mentioned in the establishment decisions of the delegated programs. It can, therefore, be inferred that reporting is part of the supervision strategy of the EACEA's parent DGs (Interview A). The systematic monitoring of EACEA is completed “through its Steering Committee” on the institutional level and through “periodic horizontal coordination meetings at various appropriate levels” on the operational level (European Commission<sup>5</sup>, p.111, 2013). Interestingly, agencies can meanwhile voluntarily push program specific information to parent DGs in cases they feel it is necessary (Interview E).

In addition, parent DGs can carry out “out documentary and on-the-spot checks at the agency” via their director-general (European Commission<sup>3</sup>, p.17, 2013). It may be assumed that occasionally, the parent DGs of the ECAEA can directly assert control and thus steer the agency. The delegation act further specifies that the EACEA “shall gather, monitor the quality, analyze and communicate to the parent Directorate-General all the information needed to guide the implementation of the programs entrusted to the agency” (European Commission<sup>3</sup>, p.17, 2013). A considerable effect is the interdependence of both actors and their need to cooperate well together to achieve their objectives.

### **6.2.2. The Four Parents of the EACEA**

As formerly mentioned in the case description of the EACEA, the agency has in total four parent DGs. Among the EACEA's parent DGs one DG is distinctively outstanding. The DG EAC acts as the main parent DG of the agency (European Commission, 2015; Interview A, B, F, L). It does more than half of the work concerning the EACEA while the other parent DGs divide the remaining work among themselves (Interview B). The DG EAC is expressly dominant because it delegates the biggest program to the EACEA. Correspondingly, this DG transfers most budget for spending operations to the agency in comparison to the other parent DGs. From a shareholder perspective, it is possible to represent the weight of each DG in terms of budget that is contributed to the agency for the delegated program (Interview F). Thus, program and budget size reflect the dominance of the DG EAC.

Furthermore, while each of the EACEA's parent DGs has one unit in the agency the DG EAC has seven units for its delegated program. This fact additionally mirrors the dominance of the DG EAC concerning supervision responsibilities towards the EACEA (European Commission<sup>2</sup>, 2014). The AAR of the EACEA from 2012 until 2014 reveal similarly the preeminent role of the DG EAC regarding the implementation of projects in this period. The other three parent DGs are, if at all, then only mentioned together with the DG EAC (European Commission<sup>6</sup>, 2013; European Commission<sup>7</sup>, 2013; European Commission<sup>4</sup>, 2014). The dominance of the DG EAC originates historically (Interview A, B). It was the DG EAC who set up the agency whereas the other three parent DGs only came in later. For this reason, the EACEA is “seen to belong more to the DG EAC than to any other DG” (Interview B).

On the operational level, each unit in the EACEA has a mirror unit in each of the four parent DGs (European Commission<sup>7</sup>, 2015; Interview A). The parent DGs are in constant contact with the corresponding unit in the agency. Interviewee A elaborated that each DG is active in its own unit. Generally, “the operational units of the parent DGs consult the agency on programs” (European Commission, 2015, p.14). It can, therefore, be recognized that coordination is usually focused on a particular program on a bilateral basis between the agency and the thematic parent DG. In this regard, the coordination with the DG EAC appears to be more complex due DG EACs numerous units in the agency. In contrast, this implies that it is easier to coordinate with the parent DGs that have only one unit in the agency (Interview A).

A further point worth considering is the fact that half of the parent DGs of the EACEA lately joined the agency as parents. In 2014, the DG HOME and the DG CNECT became newly integrated parent

DGs (European Commission<sup>7</sup>, 2015) with who the agency “started preparing the ground to establish a fruitful cooperation” (European Commission<sup>4</sup>, 2014, p.2). Strikingly, the DG HOME originates from the DG EAC, is very similar and uses the same infrastructure as the DG EAC (Interview J). The DG ECHO had already been a parent DG of the EACEA for a few years. For this reason, it comes naturally that coordination on the operational level between the agency and the DG EAC and the DG ECHO is more established. Interaction modalities between all the parent DGs and the EACEA are determined in the MoU that will be analyzed in the next sub-section (European Commission<sup>3</sup>, 2015; Interview K).

### **6.2.3. Memorandum of Understanding between the EACEA and the Parent DGs**

The MoU determines the “modalities of procedure and interaction between the agency and the parent Directorate-Generals” (European Commission<sup>3</sup>, p.12, 2013). It is an internal contract signed between the director and the Director-Generals of the parent DGs that manages the relation between the agency and the different parent DGs (Interview C). In essence, it aims to create a harmonized approach regarding the supervision of the EACEA through the parent DGs and a “coherent day-to-day collaboration” (European Commission, p.6, 2015). The MoU requires the parent DGs to “coordinate among themselves for any question related to the agency” (European Commission, p.7, 2015). Coordination can be divided into two different levels: the institutional and the operational level. The MoU specifies the number of channels to enable optimal coordination between the agency and the parent DGs on both the institutional and the operational level (European Commission, 2015).

On the institutional level, the main channel of multilateral coordination between the EACEA and the four parent DGs is the StC. As discussed previously, it is the highest degree of joint coordination and can thus also be circumscribed as vertical level. All parent DGs of the EACEA coordinate the steering of the agency in the StC. The last chapter in the MoU requires all parent DGs to define a multilateral supervision strategy of the activities of the EACEA. In this regard, a pivotal emphasis is given to the AWP and the AAR of the EACEA. In particular, the AWP of the EACEA “contains an obligation of assessment of risk and risk exposure, and provides a number of key performance indicators” (European Commission, 2015, p.18). In this way, parent DGs can coordinate among each other and together coordinate the steering of the EACEA. Moreover, the AARs and evaluation reports are crucial measures to monitor the agency and hence, part of the joint oversight strategy. Each parent

DG has to report on their supervision of the agency in AAR “and in other reports” (European Commission, 2015, p.18). This assures accessible sources of information for all involved DGs and consequently facilitates the coordination among the DGs.

On the operational level, the main channel of coordination happens on a bilateral basis between the agency and its parent DGs (European Commission, 2015; Interview C; A). As the former is below the institutional level, it can correspondingly be considered as horizontal level (Interview F). The differentiation between a vertical and horizontal level illustrates the difference between both the institutional and the operational level. Coordination on the operational levels is based on delegated activities or topics of the thematic parent DGs (European Commission<sup>7</sup>, 2013; Interview F). There are systematic quarterly bilateral coordination meetings (Interview A) “organized between the Director of the Agency and each Operational Director at the parent DGs” (European Commission, 2015, p.8). Besides, there can be thematic meetings of parent DGs and internal working groups related to program activities. The agency joins these meetings that deal with issues such as the simplification of legal bases (European Commission, 2015, p.9). It can be observed that there is a thoroughly close interrelation between both actors on both levels.

#### **6.2.4. Steering Committee Compositions of the EACEA from 2011 - 2015**

In the period from 2011 until 2015, there are four StC compilations (European Commission<sup>2</sup>, 2011; European Commission<sup>3</sup>, 2011; European Commission<sup>6</sup>, 2014; European Commission<sup>4</sup>, 2015). In each composition, the DG EAC has a majority of members in the StC with two representatives. All other DGs have only one member in the StC. This reflects the leading role of the DG EAC. Noticeably, the proposal for the agenda is made by the DG EAC and the agency while the other DGs are consulted after (Interview C). Given the leading role of the DG EAC, it is self-explanatory that this DG acts as a chair in the StC (Interview C). Although the DG EAC has two representatives, it former has no additional voting rights (Interview C, A). Noticeable, it has to be taken into consideration that parent DGs of the agency can occasionally change as the governance of the agency has to adapt to the delegated programs with each MFF.

Members in the StC are identified by function and rang (European Commission<sup>2</sup>, 2011; European Commission<sup>3</sup>, 2011; European Commission<sup>6</sup>, 2014; European Commission<sup>4</sup>, 2015; Interview G). Hierarchically, members of the DG EAC hold the highest position in the StC. The highest

representative of the DG EAC in the StC is the director-general. DG EAC's second representative in the StC is in every composition the director responsible for resources. Other parent DGs have a representative of a particular directorate within their DG. These are usually a director or a head of a unit related to the thematic delegated program. Once and only in 2011, a previous parent DG had a higher ranking StC member with a deputy director-general.

A striking element is an appearance of the DG Budget (DG BUDG) in each of the StC compositions. In three of the four StC compilations, the DG BUDG had a representative member in the StC. In the latest composition in 2015, the DG BUDG received an observer status during the meetings. This information is a rather surprising observation. Interviewee B shared from personal experience that a possible reason for having DG BUDG involved in the StC was that "people are most afraid of a financial scandal" (Interview B). It was believed that the DG BUDG could give somehow more authority to decisions of the StC.

The latest and most relevant StC composition is that of 2015 since it concerns the current parent DGs of the EACEA. This composition has to be seen in context with the newly delegated programs to the EACEA that are far more spread among different DGs. In previous StC compositions, delegated programs remained mainly by the DG EAC. Thus, it seems to explain why the DG EAC has had a majority of up to three representatives in the StC in earlier years. In the current composition of 2015, each of the other three parent DGs has one representative member in the StC and the DG EAC as usual has two members. Representatives in the StC cooperate positively and constructively with each other (Interview I). Decisions are made based on consensus. The usage of a vote would take place in a case of conflict. However, this has not happened so far in the StC of the EACEA (Interview A).

### **6.3. Managing the Coordination of the REA**

This third sub-chapter is divided into five sections. First, it starts with a section on the relation between the REA and the parent DGs and second, progresses with a section of REA's parent DGs. Due to the program specific body, the third section is about the Common Support Center (CSC). In the fourth section, modalities of interaction between the agency and the parent DGs are discussed based on the specific MoU. Fifth, the REA's StC compilations are analysed.

### **6.3.1. The REA and the Parent DGs**

In contrast to the other case study that manages a number of different programs, the case of the REA is somewhat different. The REA is implementing parts of a program that has its own legal framework with different rules. It is thus reasonable that the REA has to coordinate with its parent DGs to fit into this structure (European Commission<sup>5</sup>, 2013). The REA implements only parts of one big program. In total, four EAs implement parts of this program that is called Horizon 2020 (H2020) (European Commission<sup>5</sup>, 2016). The DG RTD has a global coordination role for H2020 (European Commission<sup>2</sup>, 2013; Interview L, F). To add a layer of complexity, some of REA's parent DGs share a program with another parent DG such as the DG AGRI and the DG RTD (Interview D).

Parent DGs of the REA are part of a group of DGs that are involved in implementing research programs. Research and innovation DGs are under the lead of the DG RTD and commonly referred to as 'research family' (European Commission<sup>4</sup>, 2016). The research family created administrative structures to harmonize the collective work for the involved EAs and parent DGs that implement parts of H2020. These take the form of two entities offering centralized services: The Common Support Center (CSC); and common "administrative and logistical support services provided by the REA" (European Commission<sup>2</sup>, 2013, p.4; Interview E, F). The CSC has a separate section.

It has to be distinguished between the administrative and the operational side of the agency. On the administrative side, the DG RTD is the primary contact for the agency and deals with the administrative side. The DG RTD "has a central unit to monitor the administrative functioning of the REA" (Interview G). In this regard, the DG RTD has a unique function in comparison to the other parent DGs. On the operational level, the thematic parent DGs and the agency have bilateral meetings in which they coordinate on program-specific issues. The REA is required to maintain "close working relations with parent DGs (...) and other Executive Agencies" (European Commission, 2012, p.23). In the case of the REA, there is a particular need for coordination between the DGs in the sense that they are so many.

Reporting mechanism is a means to ensure the coordination of steering of the REA by the parent DGs. The REA has supervision requirements such as to report DGs "on progress in implementing Union programs" (European Commission<sup>3</sup>, 2008, p.3; European Commission<sup>5</sup>, 2013, p.3). Furthermore, the agency has to send performance of tasks reports "on a monthly or quarterly basis" to both the StC and the heads of the parent DGs (European Commission<sup>2</sup>, 2008, p.13). Parent DGs can furthermore carry out audits such as "documentary and on-the-spot checks" to steer the agency



(European Commission<sup>2</sup>, 2008, p.15). It also should be noted the REA itself pushes information to its parent DGs occasionally (Interview E). Interviewee E stressed that the agency takes an active role in the coordination and helps to create transparency for the DGs. Hence, the active role of the agency supports the coordination among the parent DGs themselves and makes coordination as such rather smooth.

### **6.3.2. The CSC: Centralizing Services for the REA**

In 2014, the CSC was set up for H2020 in order “to help coordinate and deliver the program” (European Commission<sup>2</sup>, p.13, 2013; interview H). The REA shares joint activities with three other EAs that implement parts of H2020. All EAs including their parent DGs and other H2020 bodies are part of the CSC. In short, the CSC underpins coordination work concerning H2020 through the centralisation of some services (European Commission, 2011; Interview F).

The CSC is composed of two bodies: a Steering Board (StB) and an Executive Committee. Since the Executive Committee is responsible for ensuring the implementation of CSC activities, it is not of concern for this study. The most important instrument of coordination in the CSC is the StB that oversees the former and is similar in its functions to the StC. Its primary role is to steer the activities of the CSC and “to decide on key strategic matters relating to Horizon 2020 implementation” (European Commission<sup>2</sup>, p.18 2013). The StB “sets the main objectives and takes decisions on all matters in the remit of the CSC” (Interview F). The decisions made by the CSC are “directly applicable to all parent DGs and agencies” (Interview F).

Besides the StC, the StB represents a second entity that has a formal legal basis to ensure coordination work involving many DGs. It is composed of representatives from all parent DGs that are involved with H2020. The DG RTD represents the chair of the StB (European Commission<sup>2</sup>, 2013). At the operational level, the overall coordination is done by the Directorate of resources referred to as ‘R’ within the DG RTD and more precisely by the unit R4. This unit coordinates the activities of all the parent DGs and agencies related to H2020 in coordination meetings (European Commission<sup>2</sup>, 2015). These meetings “handle lower level matters” and do not infer with issues related to the delegated programs to the REA (Interview F).

In past years, there were few complaints about coordination by the research family. For instance, the legal interpretation between the different services was not the same (Interview E). With the CSC, such problems should remain in the past as centralisation aims to deliver the same service (European Commission<sup>8</sup>, 2013). Indeed, REA's evaluation reports show that it has achieved its objectives implying effective coordination among parent DGs to steer the agency (European Commission<sup>4</sup>, 2016).

In this concluding paragraph, I would like you to consider the difference between the StC and the StB. Although both seem to be similar to each other, they are distinctively different. It is important to reiterate that the StC forms the highest governing body on the institutional level whose decisions directly affect the agency in its entirety. The StB is a level below, so to say a middle management level, consisting of all parent DGs of the EAs implementing parts of H2020 centralizing some services that are of general concern.

### **6.3.3. The Six Parents of the REA**

Considering that the REA's principal activity is the implementation of parts of H2020, it appears self-evident that the DG RTD acts as the lead parent DG. In any case, the DG RTD has a global coordination role for the program and takes the lead whenever H2020 presents a dominant part of the implementing activities (European Commission<sup>7</sup>, 2014; European Commission<sup>5</sup>, 2015; Interview D, F). As a result, the DG RTD is characterized by policy lead (Interview F) and can further be named as 'primus inter pares' (Interview H). The dominance of the DG RTD can be reflected in terms of budget. It delegates the largest parts of H2020 and thus, most budget. Again, this is a dominance reflected in numbers. Similar to the other case study, the lead role of the DG RTD has historical reasons. Particularly this DG was one of the DGs that helped to set up the agency (Interview E, F).

The DG RTD manages most units in the REA as it delegates the largest parts of H2020 to the agency. Simultaneously to the DG EAC in the EACEA, this mirrors dominance concerning supervision responsibilities. The six parent DGs manage three departments and 14 units in the agency (Interview F). The REA has several units that are "dedicated to parts of a single large specific objective or activity" (Interview F). In principle, these are similar to mirror units because individual units in the agency coordinate with a corresponding service in a parent DG (Interview E). There is continuous bilateral coordination between the thematic parent DGs and the REA on the operational level (European

Commission<sup>2</sup>, 2015; European Commission<sup>5</sup>, 2015). Parent DGs interact with the agency on a daily basis regarding theme and program-specific issues.

Striking is that four among the six parent DGs joined in recent years. The DG GROW and the DG HOME became parents of the REA in 2015 (European Commission<sup>6</sup>, 2015). The DG HOME plays a minor role in REA's activities (Interview J, F). Further, the DG CNECT and the DG AGRI newly joined in 2014 (Interview D; Europa<sup>2</sup>, 2016). In the case of recently joined parent DGs, the coordination relation between the DGs and the agency might get affected. Interviewee D noted that in particular, the starting time for newly joined parent DG is likely to be a bit complicated as it includes changes for both sides. While the agency may not be familiar with the projects of the newly joined parent DGs, the DGs may not fully know how to work with the agency together (Interview D). It is apparent that this is different for DGs such as the DG EAC or the DG RTD since both DGs are more established and already work with the REA for several years (Interview D).

#### **6.3.4. Memorandum of Understanding between the REA and the Parent DGs**

Modalities of procedure and interaction between the REA and its parent DGs are determined in the MoU (European Commission<sup>2</sup>, 2008; European Commission<sup>2</sup>, 2015; Interview E, L). The MoU between the REA and its parent DGs is partitioned into two parts. The first part elucidates general provisions and interaction modalities between the agency and the parent DGs. Part two deals with the interaction modalities between the REA and the family of research DGs. Primary focus lays on the first part as it is the most relevant for this study.

The first part of the MoU defines coordination on the institutional and the operational level. On the institutional level, the parent DGs of the REA mutually coordinate the steering of the agency through their participation in the StC (European Commission<sup>7</sup>, 2013). The supervision of the delegated programs, therefore, involves all six parent DGs (European Commission<sup>2</sup>, 2008). Parent DGs assess the performance of the agency in the StC through the AAR and the evaluation report of the REA held against indicators stated in the agency's AWP (European Commission<sup>2</sup>, 2015). Coordination can be seen as an "intrinsic part of habitual planning mechanisms of the Commission, e.g. agreement on the AWP of the DGs" (Interview G). The management of the DGs and the REA "steer their organization in view of these plans" to make sure that both units in the DGs and agency "work in phase" (Interview G). Furthermore, directors-general of the parent DGs may ask the REA for any

report that they consider necessary to scrutinize the agency (European Commission<sup>2</sup>, 2008). The reporting function enhances coordination and coherence among the involved actors. It is a priority of all the parent DGs “to improve the feedback of project related information into policy-making in line with the MoU” (Interview L). An efficient interplay of all involved actors is crucial for parent DGs to coordinate the steering of the agency jointly.

On the operational level, there are “parent DGs management meetings” and bilateral coordination meetings between the REA and the policy units in the parent DGs (European Commission<sup>2</sup>, p.7, 2015, Interview G). The agency meets the parent DGs on a regular basis in the form of bilateral coordination meetings at the director level and contacts at working level (European Commission<sup>2</sup>, 2015, Interview L). Especially, the director of the agency attends the weekly managers’ meetings of the DG RTD. He or she can also join the other DG meetings when considered necessary. These meetings ensure smooth coordination (Interview L). Moreover, coordination meetings are complemented by “meetings related to programs/activities” (European Commission<sup>2</sup>, p.7, 2015). For means of coordination and interaction, the agency is “invited to participate in relevant working groups of the parent DGs” (European Commission<sup>2</sup>, p.8, 2008; Interview D, G). In a way, the agency is integrated into discussions on the operational level. Continuous feedback between the REA and the parent DGs is essential to adopt the AWP for the agency in the following year.

Part two of the MoU explicates “the interactions between the Agency and the Research and Innovation parent DGs” (European Commission<sup>2</sup>, p.17, 2015). Interaction modalities are stated for the current H2020 program and some parts of the previous Seventh Framework Programme (FP7). Focus lays on H2020 as REA’s main implementing activity. The REA is steered through decisions adopted by the StB. As previously examined, decisions are taken by all involved parent DGs of the research family on matters relating to H2020 not affecting issues discussed between the REA and its parents. Nevertheless, these coordination meetings “give a good opportunity to parent DGs and EAs to exchange views and provide feedback on their cooperation” (Interview L).

### **6.3.5. Steering Committee Compositions of the REA from 2008 - 2015**

In the period from 2008 until 2015 there are four StC compositions (European Commission<sup>8</sup>, 2015; European Commission<sup>9</sup>, 2014; European Commission<sup>2</sup>, 2010; European Commission<sup>4</sup>, 2008). The dominance and leading role of the DG RTD are showcased in each of the four StC compositions. In 2008, the StC had three out of five representatives from the DG RTD and in 2010 two. This finding

indicates that delegated programs to the agency in previous years were more focused within the realm of the DG RTD (Interview F). Hence, it can be reasoned that there is an increased number of members from the DG RTD in the StC composition of 2008 and 2010. Since the DG RTD is the leading parent, it holds the chair in the StC of the REA (Interview D, F). This, however, was decided consensually by all of REA's parents (Interview D). Interviewee D explained that all parent DGs were for the DG RTD because it holds the biggest interest in research and has the largest budget (Interview D).

Simultaneously to the other case study, members of the StC are identified by rank and position. From a hierarchical point of view, the lead parent DG RTD holds the highest rank by its representatives. It has in each composition a deputy director-general as official related to a particular delegated program in earlier years. In 2014 and 2015, the position holder seems to be linked to the management and policy of the current framework program. In cases where the DG RTD has more than one representative, the other member is a director responsible for resources within the DG. In comparative terms, other parent DGs commonly have a director of a thematic directorate within their DG as a representative in the StC.

Particularly notable is the composition of 2015 since the number of parent DGs increased to six yet StC members are limited to five. In the StC composition of 2015, each parent DG of the REA is represented except the DG HOME that is only granted observer status during the meetings. This StC composition should be seen in context with the newly delegated programs to the REA. These are spread among a multiplicity of parent DGs. It is worth to note that the StC of the REA is experienced as a consensus driven body in which parent DGs work smoothly together (Interview F, D, L). Based on the information given in legislative documents, in future, a rotating system may be installed to ensure equality among all the parent DGs. However, the Council Regulation 58/2003 does not provide information on how it is dealt with agencies that have more than five parent DGs concerning the decision-making process in the StC (Eur-Lex, 2016).

#### **6.4. Summary**

On the whole, this straightforward qualitative analysis has shown that main coordination differences between both agencies start to emerge on the operational level. While the operational level is rather an individual management matter, joint coordination of steering in the StC is prescribed by legal facts.

The main difference between the EACEA and REA lies in their programmatic structure. The REA has a simpler structure since it implements parts of one big program that has its own framework and rules. All its parent DGs are part of the research family DGs. In contrast, the EACEA implements four different delegated programs from four different parent DGs. Centralization of certain services for the EACEA is not appropriate since the delegated programs are much smaller and the diversity of actors “do not favor a common approach for the whole program” (Interview L).

## **Chapter Seven: Conclusions**

The last chapter of this study is divided into five sub-sections. First, it discusses the research findings and draws conclusions to answer the initial research question. Second, it addresses the theoretical implications followed by third, the practical implications. Fourth, it reflects on the limitations of this research and fifth, continues with avenues for future studies.

### **7.1. Discussion of the Research Findings**

Prior work has documented the steering relation between agents and a single principal. Several scholars have reported that in reality, a multiplicity of steering actors has to be considered. It was furthermore highlighted that a greater mix of principals and agents in different contexts should be explored. Notwithstanding, studies have not explicitly studied how numerous principals jointly coordinate the steering of one agent within an EU setting. In this study, I investigated the steering relation of the EAs within an EU setting on the basis of the M-P model. More precisely, I analyzed how multiple DGs jointly coordinate the steering of the EU EAs based on the example of the EACEA and the REA. Most notably, this is the first study to my knowledge that scrutinizes the coordination of steering of the EU EAs by M-Ps. The central research question of this study was as follows:

*“How do multiple principals jointly coordinate the steering of the EU executive agencies?”*

I found that the answer to the research question is twofold. The analysis has shown that there are two different levels of coordination where the steering of the agent happens. On the institutional level, parent DGs multilaterally govern the agency through their membership in the StC. The StC is the highest institutional governing and supervising body by legislation in which parent DGs jointly coordinate themselves together to steer the agency. To steer the agency, parent DGs evaluate general reports and more precisely, assess the annual performance indicators of the agency given the

information in the AAR and AWP. Parent DGs collectively review the performance of the agency and make strategic management decisions with the director of the agency in the StC. Reporting and supervision mechanisms are, therefore, indispensable for the effective coordination of steering by M-Ps. It turned out, the DGs have to coordinate closely with each other and maintain close collaboration with the agency to achieve their individual political and policy objectives. Cooperatively made decisions in the StC affect the entire agency. The former are made by unanimity similar to a consensus governance model. To date, the parent DGs of the EACEA and the REA purposefully renounced of the usage of votes in the StC what exemplifies a rather collegial relation among DGs. Although there is one leading parent DG in the coordination process the StC is in its essence democratic and all parent DGs are equal among each other.

On the operational level, parent DGs bilaterally coordinate with the agency. Each thematic parent DG steers the agency through monitoring mechanisms related to the individual delegated program. Steering happens through the reporting process and regular coordination meetings in which the agency has to provide accurate information concerning performance indicators of the delegated program. Both the EACEA and the REA are well steered through the supervision and monitoring functions of the parent DGs. In particular, the cooperation modalities between parent DGs and the agency written in the MoU prescribe regular bilateral coordinating meetings on the operational and working level. Despite the fact that the EU EAs are autonomous entities, the agency collaborates continuously and intensively with the parent DGs that are involved in managing the program of the agency on a bilateral basis. Reciprocal, the agency and DGs work smoothly together to reach their goal. It appears the coordination of steering on the operational level is more a bilateral management matter between the DGs and the agency focused on a particular program between both agencies and DGs. Hence, differences start to emerge in the case of the EACEA and the REA.

The main difference lies in the programmatic structure of the agencies. Parent DGs of the EACEA each delegate a different program to the agency. In contrast, parent DGs of the REA delegate parts of the same program to the agency. While all parent DGs of the REA belong to the so-called research family of DGs, the parent DGs of the EACEA represent a mixed group of DGs. In the case of the EACEA, each unit in the agency has a mirror unit in the parent DG whereas the REA has several units that are dedicated to parts or a single activity. In principle, these are similar to mirror units. As a corollary, it has to be considered that each of the EU EAs was set-up to serve a specific purpose what is also reflected in their institutional design and establishment acts. For this reason, the joint

coordination features on the highest, institutional level remain very similar prescribed by legal facts yet there are differences on the operational level. Since the REA implements parts of a program that has its own rules and framework, the coordination among the principals is more harmonized and all principals follow a common approach opposed to the EACEA. Notwithstanding, these differences of the two cases influence the coordination between the principals not significantly as both agencies further, follow similar rules of procedure set out in the MoU. It comes naturally that both agencies follow somewhat different management matters on the operational level as they respond to the nature of their delegated program for whose purpose they were set up.

At the beginning of this study, I believed that there is a high risk of agency capture and thus, the absence of principals and effective steering. However, I made the surprising observation that this was not the case. The findings of my study extend earlier work, contradicting the assumption of interest and preference conflicts among principals that possibly results in ineffective steering (Waterman and Meier, 1998; Slyke, 2006; Caers et al., 2006; Waterman and Wood, 1991; Van Thiel, 2015). Results of this study indicate that the coordination of steering of agents by M-Ps can be rather smooth and network based than conflictual. There is evidence that both agencies seem to have a pro-organizational behavior. The cooperation between the agents and principals can be described as smooth and collegial. Possibly, a similar sentiment can be seen across a wider range of agencies, principals, and contexts. Also, there was no information asymmetry which the agents used for their self-interest. My results provide compelling evidence that M-Ps can steer agents consensual. Given the results of this study, I find that the M-P model is not suitable.

In the context of this study, it seems that the peculiarity of an EU setting has a significant impact on the consensual joint coordination of steering of the EU EAs by M-Ps. It can be observed that both the Commission and the EAs have a common interest to support each other in reaching the desired goal that is the implementation of the EC policy programs. This main goal has two interrelated components: the policy and implementation side. The DGs and EAs can only reach the main goal together as DGs are responsible for the policy objectives and the EU EAs for the project implementation. Hence, the success of the delegated program appears to be of similar importance to both the agency and parent DGs. Both the EAs and the DGs are interdependent from each other. On the one hand, the DGs need the EAs to fulfill tasks that they are not capable of doing themselves. On the other hand, the EAs are dependent upon the Commission as she establishes, dissolves and delegates programs to the agencies. Strikingly, the EAs came into being to serve and assist the



Commission (Zonneveld, 2015; Costa and Brack, 2014; Nugent, 2010; Lelieveldt and Princen, 2015). The organizational practices, therefore, lead to goal convergence instead of favoring individual interests. On a similar note, such an institutional setting is more likely to create trust between principal and agent due to goal convergence (Davies et al., 1997; Sundaramurthy and Lewis, 2003; Slyke, 2006). For this reason, the joint coordination of steering of the EU EAs can be seen from a stewardship perspective. Against the background of the findings of this study, I would like to indicate corresponding theoretical implications that are worth noting in the next sub-section.

## **7.2. Theoretical Implications**

The study has shown that the coordination of steering is a very complex and dynamic process with frequent interplay by multiple steering actors. The M-P approach was used to investigate the coordination of steering of the EU EAs by M-Ps. Despite its conceptualization of numerous steering actors, it is not applicable for this study. In part, this is due to the peculiar EU institutional setting and the intrinsic organizational practices to which the EU EAs are subjected as previously indicated. The DGs and the EAs are interdependent to each other in reaching their goals and thus, are built on goal and interest alignment. The agencies need the DGs and the DGs need the agencies. Strikingly, the agency pushes voluntarily program related information to DGs in cases where it appears necessary. In line with the assumptions of the stewardship theory, the findings noted in my study indicate that the agency acts in a way that it perceives to be in the interest of the parent DGs. In view of this, I would, therefore, suggest rather use the stewardship theory. It appears to provide better insight in explaining the coordination of steering in the context of the EU EAs. However, a weakness of stewardship theory is that it does not consider explicitly M-Ps and remains largely untested. Besides, the current state of research has not paid particular attention to M-Ps and stewardship theory with the peculiarities of an EU setting.

## **7.3. Practical Implications**

The research findings have some practical implications for the social and political world. The EU agencies have become a “characteristic feature of Europe’s administrative space” (Groenleer, 2009, p.22). In particular, the administrative decentralization to the EU RAs has caused a series of problems in terms of oversight by the institutional bodies of the EU and lead to accountability deficits and thus, flawed P-A relations (Bovens, 2007). In contrast, the EU EAs appear to adopt a pro-organizational

behavior and smoothly collaborate with the principals. The EU EAs distinctive features of autonomy and dependence hamper self-interested organizational behavior and thus, reinforce collaboration between the principal and agent.

The normative implication is, therefore, to work towards the creation of governmental structures that embed P-A relations with regard to shared organizational goals. To increase the efficiency of the public sector, it could be helpful to have a main oversight institution that sets general guidelines for the terms of cooperation between the principal and agent. In the case of the EU EAs, there are numerous DGs as control asserting actors yet the Commission is the main oversight institution. Another practical implication is to copy this oversight model. I advise organizations, governments and institutions to execute control through numerous working departments of the main organization. These should be in the need to work with the agent to achieve a common main goal of the organization. In addition, contracts for agents should not only be fixed for a limited period but the main organisation and its working departments should regularly evaluate the work of the agent on the basis of performance indicators. In cases where the agent does not reach its objectives, the services should possibly be dissolved. If only the goal achievement of the principal and agent is interconnected and both truly need each other to reach their individual goal, trust structures and smooth collaboration can be established. To benefit from the findings in the real world, the practical implication is to work towards goal alignment in P-A relations in countries, areas in the world that lack such a system.

#### **7.4. Research Limitations**

This study encountered four research limitations. Most prominently, the first shortcoming is that the analysis was subjected to two case studies due to length restrictions. This lowers the general applicability of the results. A second shortcoming, therefore, is that I was not able to capture what happens behind closed doors. Interviewees highlighted that there are informal coordination meetings by the members of the StC prior to the initial committee meetings. Thus, there is information to which I did not have access. Third, I encountered limitations in the data collection process. I had to be persistent to arrange in-depth interviews with the main players in the field. Although I held in-depth interviews with nine key players, the number of interviewees could be higher in view of the various involved actors. Fourth, to increase the reliability of the study I aimed cross-checked the obtained information from the in-depth interviews. However, from nine in-depth interviews I cross-checked again with six interviewees. It is hard to rearrange a cross-checking as not all interviewees were again

available. In any case, I hope that this study will contribute to existing academia by offering more insights into the less extensively reported process of the coordination of steering of the EU EAs by M-Ps within the greater field of agency research.

#### **7.4. Recommendations for Future Research**

Future work should follow-up four recommendations. First, the results of this study are surprising and therefore should be validated by expanding the number of case studies. Such results can serve as a basis to draw comparative research results and to generalize the findings. A higher number of in-depth case studies will contribute to a more general picture how multiple DGs jointly coordinate the steering. Besides, this will serve as a basis to draw similarities and differences among all six EAs. Second, this study provides the framework for future studies to investigate the coordination of steering by M-Ps with different models. I, therefore, advise that future work should further explore and expand the stewardship theory with numerous steering actors and validate this approach. A third useful continuance of this study could be to apply a different research design and to use other data. I would recommend using a qualitative ethnographic approach over a longer period. That allows for observations that otherwise may remain hidden. Furthermore, this method helps to capture in-depth how the coordination of steering happens. Another recommendation for further study is fourth to incorporate a set of different principals and contexts. It would be interesting to test the effectiveness of their steering in different environments under different conditions. These findings conceivably help to establish a model that grasps conditions and circumstances under which M-Ps effectively steer agents.

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## **Appendix A: List of Interviewed Persons (May – June 2016)**

1. An assistant of a director of an agency
2. A former StC member of an agency
3. An employee of a DG involved in finance
4. An employee of a DG involved with EAs and who had contact to the StC
5. An employee of an agency who had contact to the StC and is involved in the coordination with the DGs
6. An employee of the DG RTD unit coordinating the delegation of programme implementation to EAs
7. An adviser of a DG
8. An employee of a DG related to finance and administration
9. An employee of a DG
10. An employee of DG Home
11. An employee of a DG related to policy frameworks
12. An employee of DG CNECT

## Appendix B: List of Names of People and Organizations That Forwarded Material

People/ Organization	Material
Kenneth J. Meier	Published version "Goal Displacement: Assessing the Motivation for Organizational Cheating"
DG EAC Unit R2	Commission Implementing Decision of 16.02.2015 on appointing members and observers of the Steering Committee of the EACEA C(2015) 758 final
DG EAC Unit R2	Commission Decision of 15.11.2006 appointing the members of the Steering Committee of the EACEA
DG EAC Unit R2	Commission Decision C(2011) 8711 final of 01.12.2011 on modifying Commission Decision C(2011) 1858 appointing members of the Steering Committee of the EACEA
DG EAC Unit R2	Commission Decision C(2011) 1858 final of 31.03.2011 appointing the members of the Steering Committee of the EACEA
DG EAC Unit R2	Commission Decision C(2014) 349 final of 29.01.2014 on appointing the members of the Steering Committee of the EACEA
DG EAC Unit R2	Memorandum of Understanding between EACEA and its parent DGs in the field of IT – Modalities and Procedures of Interaction, Ref. Ares(2015)3164485 - 28/07/2015 (MoU on IT)
DG EAC Unit R2	Memorandum of Understanding between EACEA and its parent DGs in the field of procurement – Modalities and Procedures of Interaction, Ref. Ares(2015) 3487593 - 24/08/2015 (MoU on procurement)
DG EAC Unit R2	Commission Decision C(2009) 3231 final of 05.05.2009 appointing members of the Steering Committee of the EACEA
DG EAC Unit R2	Specific Memorandum of Understanding between EACEA and its parent DGs in the field of information and communication, Ref. Ares(2016)1198754 - 09/03/2016 (MoU on information and communication)
DG EAC Unit R2	Commission Decision C(2010)4204 final of 25.06.2010 modifying Commission Decision C(2009) 3231 appointing members of the Steering Committee of the EACEA
Liliane de Wolf DG RTD	Commission Decision appointing the five members and two observers to the Steering Committee of the REA C(2008) XXXX final
Liliane de Wolf DG RTD	Commission Decision C(2010) XXX of appointing five members and three observers of the Steering Committee of the REA C(2008) 3345 of 8/VII/2008

Liliane de Wolf DG RTD	Commission Decision C(2014) 433 final of 31.01.2014 appointing five members and one observer of the Steering Committee of the REA repealing Decision C(2010)5194
Liliane de Wolf DG RTD	Memorandum of Understanding between the REA and its parent DG's Commission Decision C(2015) 2347 final of 13.04.2015 appointing members and observers to the Steering Committee of the REA pursuant to Council Regulation (EC) No 58/2003
Liliane de Wolf DG RTD	Commission Decision C(2014)9109 of 02/12/2014 establishing guidelines for the establishment and operation of executive agencies financed from the Union budget
Europe Direct Contact Center	General Memorandum of Understanding between EACEA and its parent DGs - Modalities and procedures of Interaction, Ref. Ares(2015)1333575 - 26/03/2015 (General MoU)
EACEA	CoA Report: Delegating Implementing Tasks to Executive Agencies: A successful option?
DG RTD	

## Appendix C: Sample Questions In-depth Interview Agency

**Topic:** Managing the joint coordination of EU Executive Agencies by multiple DGs

**Body:** Executive Agency

1. How do you experience the supervision of the agency?
2. How do you experience the running of the agency through the DGs?
3. How is your relation with the different parent DGs?
4. Is the relation different with some DGs and if yes, in how far?
5. Do the different DGs have different approaches in dealing with the agency?
6. How do you experience the role of the leading parent DG?
7. How are decisions taken by the parent DGs in the Steering Committee in your experience?
8. What kind of coordination meetings are there and who are the involved actors?
9. How would you describe from the perspective of the agency the style of working together among the DGs?
10. How do the parent DGs supervise the agency?
11. What are areas DGs coordinate about together and with the agency?
12. Are you sending weekly reports regarding the work of the agency to the different DGs?
13. Can you say something about the involvement of each DG in the different programs?
14. What is it about the dominance of the lead parent DG?
15. What DGs are established for a long time and have better coordination with the agency?
16. Is the budget of a DG related to its importance/role with regard to the agency?
17. Is there a DG that has a global coordination role?
18. What are agency intrinsic coordination features different to other agencies?
19. In what ways does coordination change when the number of parent DGs increases? And what about the Steering Committee membership?
20. Are all parent DGs equal among each other?
21. What is the purpose of the CSC?
22. What is the difference between the administrative and operational side of the agency?
23. What are the different levels of coordination?

24. Do all DGs have mirror units in the agency?
25. Can you please clarify why some agencies have many different programs from different DGs and others don't? And how does this make the coordination different for some agencies?
26. Would you say that coordination is easier with DGs that are already longer established in their work with the agency?
27. What are the different elements of coordination?

## Appendix D: Sample Questions In-depth Interview DGs

**Topic:** Managing the joint coordination of EU Executive Agencies by multiple DGs

**Body:** DG

1. Your DG just joined the agency. However, I have read in the AAR that cooperation has been there before. Can you please elaborate on that?
2. What are the different roles of the DGs and the agency?
3. What is your explanation why your DG was not represented in the Steering Committee decisions in earlier years?
4. What are the implications regarding the lead parent DG for the other DGs?
5. Some DGs have a significantly lower budget. Why? How does this affect the relation with the different actors?
6. Depending on the size of the program, is coordination easier or more difficult with some DGs?
7. How do you prepare for meetings in the Steering Committee within your DG?
8. What are the different levels where coordination takes place?
9. Who are the different actors that are involved in the different levels of coordination?
10. Does every DG follow the same rules of coordination?
11. I read that the budget is determined by the Committee of Executive Agencies. What is the role of this body?
12. Would you agree that the Steering Committee is a consensus-driven governance model in which all parent DGs have an equal say?
13. Does the senior management team of your DG meet the director of the agency on a weekly basis?
14. Are there some key coordination events?
15. What are the DGs doing?
16. How is the coordination organized between the research DGs?
17. Do you have more examples what are common interests of the agency and the DGs?
18. What about informal meetings? I assume the director meets some DGs more often.



19. Why does the REA have a CSC but the EACEA not?
20. Do you have centralized units?
21. How are your units working together with the agency?
22. How do you steer the agency? How else is involved?
23. Why does your DG prefer the consensus model in the Steering Committee?
24. How would you describe/ How do you experience the role of the unit R4 of the DG RTD in the management of relations with your agency?
25. Does the whole DG RTD have a coordination role or only this precise unit R4?
26. Does DG RTD coordinate the activities of all six parent DGs? And in how far is it different to the coordination in the StC?
27. Does only DG RTD deal with the sides of the agency? Or a special unit like R4 of DG RTD that deals with the agency?
28. Apart from the StC, in which body do you have the most contact with the different DGs together?
29. Could you elaborate why the coordination between parent DGs is crucial for the functioning of the agencies?
30. What are the different coordination types?
31. Would you describe the dominance of the lead DG rather in terms of numbers or other terms?
32. It seems the Steering Committee is a formal body that signs decisions without much debate and takes decisions that have been pre-decided. What do you think about this?
33. Do all parent DGs of the REA belong to the research family?
34. How is the Steering Board composed?
35. Does your lead DG only meet the agency at coordination meetings or do also the other parent DGs join?
36. Can you please elaborate on the vertical and horizontal level of coordination?

## Appendix E: Sample Questions In-depth Interview Steering Committee

**Topic:** Managing the joint coordination of EU Executive Agencies by multiple DGs

**Body:** Steering Committee

1. How would you describe the role of the Steering Committee by your experience?
2. How do the executive agencies work with the Steering Committee?
3. Do you remember certain DGs that took a leading role in the coordination process?
4. In your words, how would you describe the relation between the director, the agency and the Steering Committee?
5. What do you know regarding the coordination among the different DGs and how do they steer the agency?
6. How are the DGs different from each other in the Steering Committee?
7. What are differences you can identify from what is written in the documents in comparison with how things work in reality?
8. Would you describe the leading DG rather as the main coordinator?
9. What is so special about the DG EAC?
10. How are the DGs working together? Who does what?
11. What are the different types of coordination?
12. What are the different things the DGs coordinate about and how do they do it?
13. Would you consider the coordination as a democratic process where all DGs give the same input or is it rather that one DG takes the lead, and the rest follows?
14. Why were you selected to the board and why were you appointed for one year and not as the regulation says for two years?
15. Who are the real decision-makers?
16. To whom does the Steering Committee belong, the agency or the Commission?
17. Did you ever receive weekly or monthly reports of the agency during your term of office?
18. What are the different indicators to measure how coordination takes place?
19. Who are the relevant people that prepare decisions in advance?

20. What are your experiences related to internal administrative investigations in the agency by the OLAF and CoA?
21. How would you explain why the DG Budget appears in the appointing decisions of the Steering Committee in the EACEA?
22. How are decisions taken by the members of the StC?

## Appendix F. Questionnaire Form for the Parent DGs of the EACEA

**Topic:** Managing the joint coordination of EU Executive Agencies by multiple DGs

**Body:** DGs

1. How do you experience the coordination of the four parent DGs from the perspective of your DG?
2. How do the DGs coordinate among each other to steer the EACEA?
3. How does the cooperation between the DGs and the EACEA work?
4. In the REA there is a lead parent DG that has a global coordination role. In how far is this different in the EACEA? There is no Common Support Center or a global coordinator. How do you coordinate?
5. Does your DG as leading parent DG have a centralized unit (or a team in a central unit) that deals with the agency/ coordinates the agency? I noticed your DG is also parent DG for other agencies, so it would make sense to coordinate internally and have it more centralized.
6. What are the different approaches of each DG in working together?
7. How is the organization of coordination between the DGs and the agency?
8. Does the DGs attend meetings with the EACEA or different actors involved in the coordination of steering of the agency?
  - a) Who are the involved actors?
  - b) At what levels are these meeting (i.e. director level etc./ higher and lower levels)?
  - c) How often do these meetings take place at the different level?
9. How do all involved units (both agency and DGs) coordinate to prevent overlaps?
10. How often do you participate in DG-level management meetings? Who is present from the DGs and the agency?
11. How would you describe the unique features in coordinating EACEA in comparison to other EAs?

## Appendix G. Questionnaire Form for the Parent DGs of the REA

**Topic:** Managing the joint coordination of EU Executive Agencies by multiple DGs

**Body:** DGs

1. How do you experience the coordination of the different parent DGs from the perspective of your DG?
2. How do the DGs coordinate among each other to steer the REA?
3. How does the cooperation between the DGs and the REA work?
4. What are the different approaches of each DG in working together?
5. How is the organization of coordination between the DGs and the REA?
6. What kind of meetings with different DGs or actors involved in the coordination of steering of the agency do exist?
  - a) Who are the involved actors?
  - b) At what levels are these meeting (i.e. director level etc./ higher and lower levels)?
  - c) How often do these meetings take place at the different level?
7. How would you describe/ How do you experience the role of the unit R4 of the DG RTD in the coordination process?
8. Horizon2020 writes that performance indicators should be improved. How do the DGs coordinate that the REA will achieve the expectations put upon it?
9. How do all involved units (both agency and DGs) coordinate to prevent overlaps?
10. What is your experience regarding DG-level management meetings?
11. There are coordination meetings that are chaired by DG RTD Unit R.4. with all four executive agencies. What is your experience on this regarding coordination?