

## **Public Eyes**

Do Stakeholders Use the Internet to Hold Public Service Organizations to Account?

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*Work in progress. Do not quote without permission!*

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### *Key words*

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### *Abstract*

This paper analyzes the relation between publishing performance results on the Internet, stakeholder accountability and the effectiveness and legitimacy of public service organizations. On the basis of empirical research of websites in the Netherlands, I conclude that education and health care organizations are stimulated to score better on performance indicators. These organizations feel the ‘public eyes’ on them and are stimulated to improve their behavior. However, the risk of a ‘performance paradox’ and adverse effects is great. Additionally, the research provides more support for negative than for positive effects on the legitimacy of public organizations. Transparency of performance results via the Internet needs to be accompanied by a stakeholder dialogue in the public sector.

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### **1. Introduction**

In many countries performance results of public organizations are published on the Internet to stimulate these organizations to improve their performance. Citizens are assumed to get more value for money when they can compare public service organizations and choose the best one. These changes have predominantly been analyzed from the perspective of a change from government control to market steering (Pollitt & Bouckaert, 2000: 172 - 178). In this paper I take another perspective, I will look at these changes from an accountability perspective and I will focus on the role of information in accountability processes. Public service organizations need to account for their policies and performance to a variety of stakeholders. This paper analyzes the relation between publicizing performance results on the Internet, new forms of accountability and the effectiveness and legitimacy of public service organizations.

Modern public service organizations increasingly deal with dynamic, informal and not-institutionalized forms of accountability (Mulgan, 2000). Hierarchical arrangements, such as inspection services, formal audits, direct supervision, are being supplemented with new, less formalized forms of accountability. Many public service organizations account for their actions to client panels. And to many the media have become an extremely important forum for accountability. Public service organizations are often asked to explain and justify their policies and performance to newspapers and even television journalists. Some people even speak of a mediocracy (Phillips, 1975).

The growing importance of the Internet adds a new dimension to these non-institutionalized forms of accountability. In theory, the Internet enables citizens to get direct information about the functioning of public service organizations. Citizens can interact directly with these organizations and ask them to explain and justify their policies and performance. One can argue that the Internet creates opportunities for direct accountability to citizens (Raab, 1997; Meijer, 2003). Furthermore, also other stakeholders – financiers, employees, clients – can call public service organizations to account on the basis of public information on the Internet.

These opportunities for public accountability through the Internet have been mentioned for some time but the use of these opportunities remains blank. There is no research that indicates whether citizens and other stakeholders actually use of the information. They are assumed to either choose an organization on performance results or complain when the results are poor, but the scientific literature provides little information about the actual use by citizens and stakeholders.

The first goal of this paper is to study the actions of citizens and stakeholders and create insights in practices of public accountability. The second goal is to explore how public service organizations react when they are asked to account for their performance and addresses the relation between public accountability through the Internet and the legitimacy and effectiveness of public service organizations. I will address the following question: what are the effects of stakeholder accountability – through the Internet – on public service organizations?

This empirical research focuses on accountability of public sector organizations in education and health care. I have studied public accountability through the Internet in these two sectors in the Netherlands. I will first present a theoretical framework for studying public accountability through the Internet. Then I will present my research design and the empirical findings in these sectors. I will end this paper with some (preliminary) conclusions and reflection on stakeholder accountability via the Internet.

## **2. Stakeholder Accountability**

In its most fundamental sense accountability refers to answerability to someone for expected performance (Romzek & Ingraham, 2000). Accountability involves an actor with a duty to render an account and another actor with the power to judge and impose sanctions (White & Hollingworth, 1999). Theories of public accountability mostly focus on formal, institutionalized and often hierarchical forms of accountability (Romzek & Dubnick, 1987; Day & Klein, 1987; Bovens, 1998). To explain the concept of stakeholder accountability, I will compare this to ‘traditional’ forms of accountability.

Traditional forms of accountability concern core institutions with legal tasks and powers that play a key role in providing checks and balances for democratic governments. Central to these forms of accountability is the notion of accountability

to formal bodies or officials. Public sector organizations have to account for their policies and spending of public money to government officials. These officials in their turn account to political appointees and these account to representatives of the people. In addition, public service organizations also account for their actions to administrative and legal institutions such as Ombudsmen, Auditor-Generals, and (administrative) judges.

The term stakeholder was originally used in business administration to express that businesses do (or should) not only serve shareholders. Translated to the public sector, stakeholders are those who interact with or have a stake in the public organization (cf. Walker & Marr, 2001: ix). Stakeholders such as financiers, (prospective) employees and clients are also interested in the performance of public service organizations. These stakeholders can be individuals but also organized groups such as a union of government employees.

Increasingly, stakeholders call public service organizations to account (Demortain, 2004; Prabhakar, 2004). Citizens demand special attention since they are the prime target group for policies. In rhetoric, public accountability is first and foremost accountability to citizens. As I will show, however, other stakeholders may have more influence on public service organizations. The simplification of direct accountability as accountability to citizens is inadequate. Attention for other stakeholders is required to understand new forms of accountability.

Stakeholder accountability differs from traditional forms of accountability in the follow aspects:

- *No formal information provision.* Institutionalized forms of accountability consist of rules for the provision of information. Public service organizations have to provide government, inspection services, Ombudsman, Auditor-General and judges with the information they require. Stakeholders benefit from freedom of information clauses and these are crucial for the development of stakeholder accountability. More and more information is made public and therefore available to stakeholders. However, access to information is poor since outsiders have to know exactly what information is documented and can be requested. Additionally, they only relate to information that has already been documented and does not tell public service organizations what information they should document.

- *No fixed format for debate.* Political and legal forms of accountability have explicit rules for debating the performance of public service organizations. These rules usually entail opportunities for these organizations to explain and justify their policies and performance. There is no fixed format for debate about policies and performance of public service organizations with stakeholders. Much of the debate takes place in the media and those debates often do not provide fair opportunities for redress.
- *No formal sanctions tied to stakeholder judgments.* Parliament can demand that a minister steps down and judges can fine public service organizations or force them to take another decision. Stakeholders do not have these formal sanctions and therefore use informal ones. The type of sanction depends on the stakeholder. Citizens can use ‘exit’ and ‘voice’ as sanctions (Hirschman, 1970). They can choose to leave the organization – for example: choose to go to another school – or complain (publicly) about performance. Financers can use financial sanctions: a medical health insurance company, for example, might decide to give less money to a hospital. The media can use publicity as a sanction. In the information age, reputation is extremely important. Negative publicity might damage the image of an organization as is therefore an important sanction.

Stakeholder accountability should not primarily be regarded as a substitute for traditional forms of accountability but rather as an addition. Historically, new forms of accountability have been added to the political-administrative system with the growing complexity of government. Stakeholder accountability seems to be a contemporary answer to the present complexity of the public sector. It is introduced as a new form of accountability to strengthen the public sector. One could argue that stakeholder accountability also challenges and even undermines other forms of accountability. Effects on other forms of accountability, however, are beyond the scope of this paper.

Stakeholder accountability does not directly affect the functioning of public service organizations. In various ways, stakeholders can send signals to public service organizations to indicate that they want them to change. Deutsch’ theory of the ‘nerves of government’ (1966) highlights how these signals can be picked up by

organizations and lead to changes. 'Receptors' pick up information from the environment and 'effectors' implement changes. When either receptors or effectors function well, stakeholder accountability will lead to changes in public service organizations. This leads to the question whether these changes will improve the effectiveness and legitimacy of the public sector.

### **3. Internet: chances and risks for stakeholder accountability**

Stakeholder accountability does not depend on the Internet but the introduction of the Internet has created many new opportunities for stakeholder accountability. The Internet increases the transparency of the public sector (Meijer, 2003). Before the introduction of the Internet, stakeholders found it much more difficult to get access to information about the performance of public service organizations. Now information about performance can easily be accessed through the Internet. Additionally, the Internet has created an incentive for public service organizations to be more open and publish information about their performance. And the Internet also makes it much easier to create canals for interaction between stakeholders and public service organizations. Techno-optimists stress that all these new opportunities will bring us a better public sector (Brin, 1998), techno-pessimists warn for the dark side of transparency (Bovens, 2003).

Proponents of stakeholder accountability stress that a better informed citizenry holds for a strong democracy (Barber, 1984). Citizens are more likely to support democratic arrangements when they have knowledge about the public sector. Informal accountability arrangements can also increase the confidence of stakeholders in the achievements of public service organizations when they can show policy outputs. Scharpf (1999) has highlighted the growing importance of output legitimacy: citizens increasingly judge the legitimacy of the public sector not only by input processes such as democratic elections, but also by results of the public sector. Publicizing performance results of public service organizations on the Internet could thus increase the output legitimacy of the public sector.

Stakeholder accountability can also increase the detection of failures and, therefore, improve the effectiveness of public service organizations (Brin, 1998). Proponents point at the success of the computer system LINUX (Raymond, 1998). The system code is available to all and therefore flaws in the code are easily detected.

‘Given enough eyeballs, all bugs are shallow,’ as hackers say. The same idea may apply to public service organizations. When citizens and other stakeholders closely follow these organizations on the basis of information on the Internet, failures in policies may be detected and corrected.

Another chance for increasing the effectiveness concerns the input of stakeholders in policy development: stakeholders may use the Internet to react directly on performance results of public sector organizations. These organizations may get a better understanding of demands on their organizations and consequently adjust their policies. The cycle of policy development, implementation and evaluation may thus be improved.

Critics of stakeholder accountability emphasize the risk of ‘decoupling’ (Power, 1999): there may be a gap between accountability information and actual performance. This will effectively lead to symbolic accountability processes: stakeholders will hold public service organizations to account on the basis of information on the Internet that only highlights certain aspects and does not provide an accurate overview of performance.

Another risk mentioned by Power is ‘penetration’: public service organizations may not so much try to perform well as to score high on accountability standards. This may lead to a ‘performance paradox’ (Meyer & Gupta, 1994; Van Thiel & Leeuw, 2002; Dubnick, 2003): indicators are no longer an adequate measure for performance. Another risk is that, even though publishing information on the Internet is relatively cheap, the costs of accountability – gathering and publishing information, debating performance – will go up dramatically.

‘t Hart (2001) has called attention for the risk that increased transparency may lead to an ‘inquisition democracy’. Citizens, stakeholders and, especially, media may highlight every flaw and every failure of a public organization. Wastes of public money always makes good headlines. Eventually this unbalanced focus on failures in the public sector may undermine its legitimacy.

The legitimacy of the public sector may also be damaged when only a select of citizens use the information on the Internet to call public service organizations to account. One could speak of a meritocracy: a group a high educated citizens will improve their situation, others will stay behind. This issue is directly connected to the digital divide. Some citizens have Internet access, know how to use the Internet and call public service organization to account, others don’t.

The literature indicates that stakeholder accountability through the Internet creates both chances and risks for the effectiveness and legitimacy of public service organizations. Through empirical research I have investigated what the effects of stakeholder accountability through the Internet are in two policy sectors in the Netherlands. The chances and risks are summarized in table 1.

	<b>Chances</b>	<b>Risks</b>
<b>Effectiveness</b>	Detection of failures Improved feedback	Decoupling Performance paradox Rising control costs
<b>Legitimacy</b>	Better informed citizenry Higher output legitimacy	Inquisition democracy Meritocracy

Table 1. Chances and risks of stakeholder accountability

Some of these chances and risks are related to those that have been mentioned for performance management in the public sector (Van Thiel & Leeuw, 2002; De Bruijn, 2002). A crucial difference, however, is that most of the literature on performance measurement focuses on the impact these measurements have on formal relations between public organizations and their principals. When the results of performance management are published on the Internet, they are made available to all stakeholders. These stakeholders can use the information in various ways to call public service organizations to account.

#### **4. Research Design**

In my research I have studied practices of public accountability through the Internet that have received most attention in the Netherlands. These are all practices that are relatively well-known and have all received quite a lot of attention in the media. I have selected these practices to be sure that the websites are known to citizens and stakeholders and, therefore, will receive a relatively high amount of hits. I have used interviews with key informants and a scan of public organization websites to select the most relevant sectors. The sectors that were selected were High School Education and Hospital Health Care.

In education and health care non-governmental organizations receive public money to do their work. Citizens do not have a direct relation with government officials but communicate with employees of these non-governmental organizations. Citizens also have the opportunity to choose between different schools and hospitals. This means that they can use both 'exit' – which I broadly define broadly to include 'choice' – and 'voice' as a reaction to a decline in the performance of organizations (Hirschman, 1970).

A difference between education and health care is that citizens generally have a long-term relationship with a school whereas they may visit different hospitals. One should add that the Netherlands is densely populated and, therefore, most citizens have several hospitals within their vicinity. Another difference concerns the time available for making a choice: in education there is generally more time, in health care patients often need to make their choice fast. Additionally, the situation a patient is in may hamper his capacity for judgment.

The research specifically addressed stakeholder accountability *through the Internet*. I have focused on high-profile Internet applications and not covered the whole range of accountability practices. In education I have looked at websites that publish Quality Cards with performance results of schools, in health care I have looked at websites with information on waiting lists for hospitals. Other accountability practices, for example accountability in teacher parent meetings, were only dealt with when they were directly related to information published on the Internet. The focus on the Internet limits the research findings: a general exploration of stakeholder accountability would require a broader perspective and attention for different media.

In each sector there was information about the performance of public organizations on the Internet. I interviewed representatives of those public service organizations and also of the organizations that published this information on the Internet. I asked them for information on the use of these websites but generally this information was limited to the amount of hits. I also talked to stakeholders to find out whether they use the Internet for accountability.

This aim of this explorative research was to get a better conceptual understanding of the relation between public information on the Internet, stakeholder accountability practices and effects on public service organizations. Testing of

theoretical expectations was outside the scope of this research and will require additional, quantitative research.

## 5. Quality Cards in Education

Until 1997 the quality of high school education in the Netherlands was monitored by the national School Inspection Service (in Dutch: *Onderwijsinspectie*). Inspectors of the School Inspection Service visited schools regularly and reported on the results of these inspections to the schools and to the Minister of Education. These results were not made public and were not accessible to citizens.

In 1997 a Dutch journalist requested access to databases that contained summaries of these inspection reports. The minister of Education denied this access but a judge concluded that the minister did not have strong arguments to support his case. The minister was ordered to grant access to the results of school inspection and the journalist used these results to compare the quality of schools and compare schools in different respects. From then on this newspaper – *Trouw* – published articles on the quality of schools every year and it also opened a website so that citizens could view this information all year around.<sup>2</sup>

The increased transparency led to drastic changes in the School Inspection Service. The agency decided that it would also publish the results of school inspections itself. The School Inspection Service even redefined its task and stated that one of its tasks was to provide citizens with independent and reliable information about the quality of schools. The School Inspection opened a website and first published quantitative information concerning the quality of schools – the so-called Quality Cards – in 1998.<sup>3</sup>

The newspaper could not give me information about the number of hits on their website, but the School Inspection Service indicated that they get about 800 visitors daily.<sup>4</sup> They also get about 200 questions a month through the info-mail facility on their website. Neither the School Inspection Service nor the newspaper had information on the character of the visitors to the website and the use of the

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<sup>2</sup> [www.trouw.nl](http://www.trouw.nl).

<sup>3</sup> [www.kwaliteitskaart.nl](http://www.kwaliteitskaart.nl).

<sup>4</sup> Hits on this website were measured in July, August and September 2004.

information. Did parents use the information to choose a school? Or was the information used by other stakeholders?

Research indicates that information on the quality of school is not very important in the choice for a school ('exit' (Hirschman (1970)). Sources of information that are used for the choice of schools are presented in the following table:

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

Table 2. Information used in school choice (Vogels, 2002: 40)

An alternative form of use might be that parents use the quantitative information to discuss the quality of education with teachers and school management (in Hirschman's (1970) terminology: 'voice'). Interviews with school management, however, indicate that parents rarely ask school management questions on the basis of the Quality Cards.

The interviews indicated that the information is used by various other stakeholders. Teachers and school management view the Quality Cards on the Internet to evaluate how their schools are doing compared to other schools in the region. Rankings are important and a high ranking is celebrated. In this respect, the Dutch are not a special case. Empirical research in England indicates that English teachers and school management also find rankings important (Hilhorst, 2001: 84).

An important stakeholder is the media. Local media use the Quality Cards to write articles on the quality of schools in their region. What is the best school in the region? Negative publicity can damage the reputation of schools and therefore have an impact on school choices.

Although the Quality Cards have little influence on school choices, the information on the Internet does have an impact on school policies. Schools try to

improve their rankings and school management makes an effort to improve the output of the school. However, the Quality Cards also stimulate forms of strategic behavior. Schools are no longer lenient in their selection of students, do not follow policies that might improve the quality of education but do not result in a higher ranking and might even give students higher grades to improve their ranking.

## **6. Monitor of Waiting Lists in Health Care**

For some years, in the Netherlands there has been a debate about waiting lists in hospital health care. The minister of Health has tried to shorten these waiting list but – because of the complex division of roles and responsibilities – this has not been easy. One of the things that made it difficult for the minister to develop a policy to shorten waiting lists was that there was no information available. Citizens complained that they had to wait long but it was not possible to analyze this problem.

In the mid nineties the minister asked the National Association of Hospitals (in Dutch: *Nederlandse Vereniging van Ziekenhuizen*) to set up a database with information on waiting lists. Hospitals were not eager to cooperate but when the minister threatened to cut their finances the hospitals had little choice and supplied information to the database. In May 2000, the National Association of Hospitals made the information public through its website.<sup>5</sup> In the beginning, however, this website received little public attention.

Again, just like in the case of the Quality Cards in education, a newspaper played an important role. Journalists of the newspaper *Algemeen Dagblad* approached the National Association of Hospitals to ask whether they could get the database with information on waiting lists. The newspaper also put the information on a website. This website, however, did receive a lot of attention since the newspaper published articles on waiting lists with references to the website.<sup>6</sup>

The Waiting Lists Monitors of both the National Association of Hospitals and of the newspaper attract many hits. The newspaper could not provide exact information on the number of hits but receives 30 to 40 e-mail-reactions every week. The National Association of Hospitals gets 30.000 hits a month. Neither the National

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<sup>5</sup> [www.nvz-ziekenhuizen.nl](http://www.nvz-ziekenhuizen.nl).

<sup>6</sup> In the Netherlands there are several other organizations that present information on hospital waiting lists on the Internet. I have limited this paper to the two most important websites.

Association of Hospitals nor the Algemeen Dagblad have information on the identity of the visitors to the website and the use of this information.

Do patients use the information to look for a hospital with a shorter waiting list? My research yielded contradictory answers to this question. Respondents mentioned various examples of hospitals that received many more patients when the Waiting List Monitors had indicated that waiting lists were considerably shorter than in other hospitals. However, most respondents indicated that in view of the total number of patients the effect is limited. This is generally attributed to a diverse list of limitations to choosing a hospital (table 3). This finding is in line with findings in the United States that indicate that effects of transparency on the choice for hospitals are limited (Van Everdingen, 2003).

Patients choose a hospital in their neighborhood

Patients go to a specialist they know

Patients follow the advice of general physician in choosing a hospital

Many patients do not have the state of mind to make a choice between hospitals

An overload of information makes choosing a hospital difficult

Patients are loyal to their hospitals

Hospitals do not facilitate switching: medical files are often not sent to other hospitals

Some hospitals put patients from their areas first on waiting lists

Quality is more important to patients than waiting time

Table 3. Why patients do not use information on waiting lists to choose a hospital

An alternative use of the Waiting List Monitors is that patients can use this information to express that they are not satisfied with the hospital's performance. Interviews with hospitals indicate that they receive little feedback concerning the Waiting List Monitors. However, the newspaper does receive much feedback especially if patients find out that they have to wait longer than is indicated on the Waiting List Monitor.

Other stakeholders make extensive use of the Waiting List Monitors. Important are the health insurance companies since they provide finances to hospitals. Health insurance companies use information on waiting list for signing 'production agreements' with hospitals: what level of care will they deliver to the patients that are insured with this company? These insurance companies also use the

information in their help to patients: they help patients finding a hospital that can provide the required care to them fast.

Media are as important to hospitals as they are to schools. Media follow developments in waiting lists closely since this issue is heavily debated in the Netherlands. Interestingly enough hospitals do not fear that the amount of patients they attract will go down since they all have too many patients. They do fear, however, that their reputation will be damaged by negative publicity.

Accountability to stakeholders stimulates hospitals to perform better or – put more cynically – score better on the Waiting List Monitors. Some hospitals react by redesigning business processes and by creating more capacity. Hospitals, however, also exhibit strategic behavior. Well-known forms of strategic behavior in health care are creaming – selecting patients that can be helped easily – and dumping – refusing patients that need complicated care. Public relations management is also of growing importance: negative publicity is not only countered by taking measures to improve performance but also by communicative actions to show that the hospital is not doing bad at all.

## **7. Comparison of the sectors**

In many respects the findings of the empirical research in the two sectors are similar. In both sectors we saw that crises created more transparency in the sector. In education the crisis was created by a journalist – a ‘policy entrepreneur’ (Kingdon, 1984) – who forced the School Inspection Service to make its reports public. This led to transparency but also to drastic changes in the functioning of this service. In health care the crisis was of a political nature: there was a strong push from members of parliament and media to shorten waiting lists in health care. This issue dominated debates and demanded a solution. Transparency was one of the answers to this crisis. In rhetoric public sector organizations often stress that they want to be open in the public, in practice these organizations only opened up when they were forced to. The transparency only applies to publicizing information. The Internet is hardly used for interactivity. In both sectors there were no opportunities for digital debates and exchanges of opinion.

The opportunities that are created for accountability – the increased transparency – seem to focus on the role of citizens as consumers. The Internet is

mainly used to facilitate 'choice' and creates few opportunities for 'voice'. Quality Cards support citizens in choosing a school but the Internet is not used to stimulate debate between School Inspection Services, schools and citizens on the quality of schools. The Waiting List Monitors enable citizens to choose a hospital with a short waiting list but does not provide for facilities to discuss health care. Citizens are regarded as consumers that can make a choice and not as 'citoyens' that are involved in public affairs. This focus does not seem to lead to a strong democracy in which citizens are actively involved in debates about the public sector.

Additionally, the 'consumers' exhibit little interest in the information. In both sectors the information on the Internet was accessed by citizens but hardly used. Citizens made little use of the information in their choice for schools and hospitals and even less use of the information to ask questions about school performance. There was no evidence for a meritocracy. The information on websites enables accountability to citizens but the opportunities are not used much. One could argue that citizens will need to go through a learning process and that, in the near future, they will start using the information more. However, experiences in countries with a longer tradition – mainly Anglo-Saxon countries – seems to counteract this argument. In these countries the information is still not used much for 'exit' of 'voice'.

However, citizens are not the only stakeholders. In both sectors various stakeholders were identified that use the information on the Internet to assess the performance of public organizations. In education employees were important and in health care insurance companies are important. These stakeholder posses crucial resources (finances and personnel). Withholding these resources can severely affect public sector organizations. This observation highlights the importance of avoiding an exclusive focus on citizens. The effects of an increased transparency of government performance can only properly be understood by taking into account all relevant stakeholders.

Among the stakeholders, media play central role. Public service organizations – and also companies – fear negative publicity. The prime driver for change in education and health care is reputation management. Organizations anticipate media attention and try to avoid negative publications. Hospitals use public relations as a manner to counter negative publicity. Generally, media seem to be the stakeholder that is regarded to be most important. Internet does not seem to undermine the mediocracy: it strengthens it. Especially local news media are important to public

organizations in the sectors I have investigated. The prime driver for change in education and health care is not pressure by citizens but rather reputation management. Organizations anticipate media attention and try to avoid negative publications. Hospitals use public relations as a manner to counter negative publicity, schools are generally smaller and often seem to lack the knowledge and the resources for good public relations management.

The effects of media pressure depends on the information that is publicized through the Internet. The Quality Cards and the Waiting List Monitor both provide 'poor information' concerning the performance of public service organizations. Opponents of transparency argue that this information is harmful: public service organizations strive to score better on a limited amount of indicators and it is questionable whether this results in quality improvement. Public information on schools and hospitals might result in a performance paradox: higher scores on indicators but less quality. Proponents will argue that poor information is just a first step in a process of increasing transparency. Recent developments in the Netherlands indeed indicate that the transparency in both sectors is still increasing: richer information about the performance of schools and hospitals is now provided to the public. The future will tell whether these efforts will facilitate quality improvement in education and health care.

## **8. Public Eyes**

Empirical material collected in two sector studies was presented. We can now use this material to answer our research question: What are the effects of stakeholder accountability – through the Internet – on public service organizations? The general effect is that transparency stimulates organizations to score better on performance indicators. Generally, the organizations do not react to signals given by stakeholders but act as if these signals were given. Public organizations feel the 'public eyes' on them and, although these eyes do not talk to them, they do stimulate them to improve their behavior. The 'receptors' of public service organizations do not react to signals from stakeholders but pick up transparency as a signal.

The effects of these reactions to transparency through the Internet and the drive for better scores on performance indicators are not yet clear but seem to be in line with general observations about the effects of performance measurements in the

public sector (Van Thiel & Leeuw, 2002; De Bruijn, 2002). In education and health care organizations are stimulated to improve their performance. Schools are stimulated to improve their education and stimulate cognitive development of students, hospitals are stimulated to shorten waiting lists. In both sectors public service organizations also show strategic behavior. This strategic behavior might lead to higher scores but not improve the effectiveness of these organizations. The risk of a performance paradox is great. One may even fear a McDonaldization (Ritzer, 1996) of the public sector: an exclusive focus on those aspects that can be measured. The diversity in schools may diminish when choosing a different approach to education – for example by focusing more on creative and social development – is not stimulated since these results are not measured.

The legitimacy of government is not affected strongly by stakeholder accountability. Not many citizens use the information on the Internet and direct contacts with public service organizations seem to be more important for their trust in these organizations. The findings provide more support for negative than for positive effects on the legitimacy of public organizations. The media are mainly interested in highlighting the failures of government and the strong position of the media may lead to a decline in legitimacy. Citizens read mainly negative publications about public service organizations and thus their trust in these organizations may be damaged. On the other hand, information on the Internet is less biased than information in the mass media. In both policy sectors, both good and bad scores are published. Internet leads to disintermediation – citizens do not depend on journalists to provide them with information – and thus they can form their own opinion about public service organizations.

Opportunities for stakeholder accountability are focused on access to information. Internet is not used for debates between stakeholders and public organizations. This lack of communication increases the risk of the ‘performance paradox’: public organizations only try to score on performance indicators without debating what these scores mean. There is a need for public debate, for a rational-critical discourse on political matters (Habermas, 1989) and maybe even a virtual community to engage citizens in public debate (Bekkers, 2004). Without additional facilities for public debate, stakeholder accountability may not increase the effectiveness and legitimacy of public service organizations. Effective and legitimate public organizations do not only need to feel that they are being watched; they need to

talk to those that are watching them. Transparency of performance results needs to be accompanied by a stakeholder dialogue in the public sector.

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