Performance, Stakeholder Stability and the Survival of UK Executive Agencies

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Oliver James
Department of Politics, University of Exeter
(contact author o.james@exeter.ac.uk)

George A. Boyne
Cardiff Business School, University of Cardiff

Alice Moseley
Department of Politics, University of Exeter

Nicolai Petrovsky
Martin School, University of Kentucky

Abstract: We develop and empirically evaluate a performance management theory of the survival of public organisation as senior management structures. The theory suggests that organisational performance and stakeholder stability - defined as congruence between the stakeholders who set up and those who subsequently assess the organization - are both positively related to survival. We test the theory for semi-autonomous central government executive agencies in UK central government from 1988 to 2011. The key stakeholders for these bodies are executive politicians, who not only set performance targets each year but can also create and abolish them without the need for legislation. The preliminary findings from survival analysis incorporating a set of control variables suggests that, for the performance variables, only high performance is a predictor of lower risk to survival. However, the congruence of political control between the party initiating an agency and subsequently overseeing it substantially lowers the risk of termination.

1 This paper includes preliminary empirical results from ongoing research. Before quoting the empirical parts of this paper, please check with the contact author whether an updated version is available. Email: O.James@ex.ac.uk. Research funded by UK ESRC RES-062-23-2471
Performance, Stakeholder Stability and the Survival of UK Executive Agencies

The survival and termination of public organisations has long been of interest to researchers (Downs 1967; Kaufman 1976; Lowi 1979). However, only recently has systematic empirical mapping of public organisations and programmes over time been attempted, in a variety of governmental and service contexts (Bickers and Stein 1995; Lewis 2002; 2004; Carpenter and Lewis 2004; Rolland and Roness 2009; Pollitt and Bouckaert 2004; Laegreid et al 2010; James and Van Thiel 2010). Work systematically assessing the influences on organisational survival is scarcer still (Lewis 2002; 2004; Adam et al 2007; Rolland and Roness 2009; Boin, Kuipers and Steenbergen 2010; Berry, Burden and Howell 2010). Particularly notable is the lack of work assessing the influence of the performance of public organisations on their survival, especially in contrast to the extensive literature on performance and survival in the private sector (Altman 1968; Powell 1997; Bethel et al. 1998; Denis and Sarin 1999; Shane and Foo 1999; Franks et al 2001; Heiss and Köke 2004; Falvey et al 2007).

This paper develops a performance management theory of organisational survival in publicly funded and/or publicly owned bodies. The theory considers the survival of organisations as the continuation of senior management structures tasked with the strategic direction of a set of public activities. This theory recognises the importance of the upper echelon of management in the functioning of organisations by viewing the senior management structure as the core of the organisation by virtue of being responsible for its strategic direction (see Finkelstein, Hambrick and Cannella 2009). Research suggests that poor performance in the eyes of key stakeholders raises the risk of individual managers being removed (Boyne et al 2010). The performance management theory of organisational survival suggests that if management structures do not perform well then these structures will be at higher risk of being terminated.
The paper evaluates the empirical implications of the theory using a survival analysis of executive agencies\(^2\) in UK central government between 1988 and 2011. This context is unusual in allowing the creation of a dataset of executive agency performance against targets agreed with the key stakeholders, executive politicians, each year for each agency. These same politicians have the power to set up or abolish the management structure of each agency without requiring legislation. This context is far from unique to the UK and similar forms of organisation are found in several jurisdictions, notably France, Italy, Portugal and several countries in Scandinavia, and also in other OECD countries including Japan and Korea (Pollitt and Bouckaert 2003; Pollitt and Talbot 2004; James and Van Thiel 2010).

The first section sets out the theoretical framework of performance and the survival of public organisations as well as the research hypotheses. The second section relates survival and performance to the context of UK central government executive agencies. The third section outlines the discrete time survival model used to test the theory. The penultimate section reports preliminary evidence about the survival of executive agencies in this context and the final section sets out conclusions and priorities for future research.

**Performance of management and survival of public organisations**

We start with addressing what we mean by survival. To date there has been little agreement on how to tell when an organisation is still “alive” and when it is “dead” (Adam et al. 2007; Rolland and Roness 2009).\(^3\) Starting with early studies that sought to move beyond individual case studies, Kaufman (1976) had a concept of organisational survival based on an organisation’s ability to maintain a boundary between itself and its environment. However, it has proved difficult to apply systematically because of a lack of clarity in the criteria to be followed in empirical application. The question of where organizational boundaries lie cannot always be answered easily, especially in contexts where complex contracting and joint

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\(^2\) The Agencies were originally set up as part of a reform of UK Civil Service referred to as ‘Next Steps’ which began in 1988. See section two for further details (and see also NAO 1989; James 2003).

\(^3\) The only area of general agreement appears to be on when an organization is to be counted as ‘public’. Here, definitions are centred on conventional criteria of combinations of public ownership, public funding and regulation using public authority.
production of services are common (for instance see Light 1993). Hogwood and Peters (1988) focused on the abolition of an organisation with no replacement organisation being formed but it has proved difficult to discern when this has happened and what counts as a replacement. Hannan and Freeman (1989) distinguish between disbanding, absorption, merger and radical change. Lewis (2002: 93) defines termination as elimination in all functions or if it has had a name change, location change, and a change of function. Rolland and Roness (2009) and Laegreid et al. (2010) conduct extensive mapping of organisational change over time, offering multiple forms of organisational formation and termination.

The performance management theory of longevity developed here draws on these concepts of termination but defines the survival of an organisation as continuation of activity under an organisation specific, management structure within the public sector. This approach draws on the insight of Hannan and Freeman (1989) in defining a distinct organisation as ending when the existing management form no longer exists. Senior management are key to the strategic direction of their organisations as purposeful entities (Canella et al 2009). From this perspective, whilst a range of factors are also likely to be influential on survival, the relationship between performance and survival is central to public organisations as managerial structures. We suggest that the theory most centrally applies to termination of management structures where the activity is continued in some form within the public sector than when the activity is no longer conducted by the public sector either through outright termination of the activity or privatisation. In these latter cases, concerns central to the whether the activity should be conducted by the public sector at all are at play rather than issues around the continuation of the particular organisational management structure. We do not analyse privatisation or other termination of a public activity as being the same kind of thing as a management structure termination through reorganisation within the public sector. Our modelling strategy reflects an approach seeking to explain the longevity of management structures and their termination by reorganisation within the public sector.

Many factors have been suggested as influential on different forms of termination of public organisations and activities, as recent reviews confirm (Adam et al 2007; Rolland and Roness 2009). Our interest in the survival of organisations as
management structures in the public sector and the role of performance as an influence on this leads us to focus on only the most directly relevant parts of the large literature suggesting factors influencing survival of public organisations. Previous work has suggested contradictory expectations for performance itself. Some authors suggest that organisational failure is an antecedent of termination (Carpenter 2001). Agencies that fail to deliver results for their stakeholders will lose support and thus are in greater danger of termination. One example was the great loss in political support for the U.S. Immigration and Naturalization Service after it had become public that the agency had granted student visa statuses to two of the 9/11 hijackers, six months after 9/11. However, other authors argue that performance may not be so directly related to survival, and even that organisations may persist as ‘permanently failing organisations’ (Meyer and Zucker 1989).

Research focusing on survival of firms in the private sector identifies a relationship between termination of these firms and poor performance, with performance defined in various ways including efficiency of production processes, return on assets and debts-to-assets ratio (Altman, 1968; Powell, 1997; Heiss and Köke 2004; Falvey et al 2007). Poor performance has been shown to be related to an increased incidence of acquisitions, insolvencies and bankruptcies and changes to corporate control (Bethel et al., 1998; Denis and Sarin 1999; Franks et al 2001; Heiss and Köke 2004). However, there is relatively little work extending this type of analysis of the relationship between performance and termination to the context of public sector organisations, in large part because of limitations in available performance information.

Rather than focusing on performance, the bulk of previous work on organisational survival in the public sector has instead examined a range of, often loosely specified, environmental factors including the congruence between the organisation and technology and societal values. Where organisations do not adequately adapt to societal and technological changes, termination is thought more likely to occur (Kaufman 1991). Similarly, others have noted the importance of ‘windows’ in the policy process which arise from a complex set of factors that allow

4 [http://www.historycommons.org/context.jsp?item=a031102visasarrive#a031102visasarrive][last accessed on May 17, 2011]
issues to get onto the political agenda, which could include changes to administrative structures such as organisational terminations (Kingdon 1995). Fiscal environments of cost cutting and competition for budgets has been noted as raising termination risks, providing that the costs of carrying out the terminations are not themselves too high (Lewis 2002; Adam et al 2007).

The age of an agency itself has also been suggested as important in previous work, with the chances of survival increasing with age but not in all cases (Carpenter and Lewis 2004; Kuipers and Boin 2005; Wollebaek 2009). The age/survival relationship findings are inconsistent such that it is difficult to derive clear theoretical expectations for this factor or to think of exactly how age by itself, rather than as a proxy for some other processes, influences survival. On this basis, our approach is to model age of the organisation but to allow as flexible specification for it as possible.

The role of bureaucrats as active shapers of these processes has been suggested, with organisations drawing on their capacities and reputation to ‘forge’ bureaucratic autonomy and protect their activities and structures from unwanted change (Carpenter 2001). In a similar vein, factors which offer protection are higher degrees of professionalization and greater agency size, the latter insulating the agency from termination thanks to the larger (and louder) constituencies an agency can assemble to protect itself (Wollebaek 2009). The range and type of functions have been recognized as important with single purpose organizations likely to be more vulnerable to termination than multi-purpose organizations since poor performance is easier to spot (Adam et al. 2007). There are also a further set of historical factors related to the autonomy of public bodies that have been extensively researched (for a review of this literature and findings suggesting the importance of path dependent factors see Yesilkagit and Christensen 2010).

The most systematic previous empirical work on survival concentrates on the role of institutional factors and these cannot be ignored in a performance theory of survival. These factors share a common theme of the extent to which agencies can insulate themselves from pressures that might lead to termination. Institutions protecting the agency from political interference such as having statutory status and being excluded from executive budgetary review processes have been found to be
influential (Lewis 2004; 2004), although initial institutional protection does not always endure in the later life of agencies (Boin, Kuipers and Steenbergen 2010). Related to this, the level of formal and political autonomy of a public organisation has been suggested as affecting survival (Verhoest 2005; Adam et al 2007).

To address the centrality of political control factors, Lewis examines the relationship between political turnover in the legislature and executive branch and survival of agencies in the United States (Lewis 2002). Relatedly, Carpenter and Lewis (2004) examine politicians’ learning about agency defects and the balance of costs and benefits of termination over time. We focus our attention on organisational structures that have low autonomy from executive politicians, in the sense that they are within their formal control and politicians have accountability for them. On this basis, theories of independence for credibility or blame shifting are much less relevant than in other contexts, notably regulatory agencies, and executive politicians are centrally concerned with the performance of these bodies in delivering their policies.

Political control is still central to our analysis, but in a different form from credibility and related approaches. How performance is defined, and by whom, is often contested in public organisations and there are many measures used by stakeholders, which makes the political factors central elements of the relationship (Behn 2003; Radin 2006; Moynihan 2008). The stakeholders also have influence over its continuation and include elected officials deciding on its appropriations and oversight, the interest groups involved with the organization, and those citizens served by the agency who actually or potentially affect the organization through the political process. In some cases, several stakeholders may be influential, in others there may be only a few key stakeholders. At one level, stakeholders can attempt to discontinue the tenure of particular senior managers if performance is not viewed as suitable (Boyne et al. 2009). However, unsatisfactory performance can also result in stakeholders bringing about organisational termination in the sense of an end to the

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5 UK Executive Agencies are a uniform category of bodies which do not have formal legal independence. They are non-statutory organisations which can be established or abolished by Executive politicians without the requirement for primary or secondary legislation, and have less autonomy than statutory bodies (Non-departmental Public Bodies).
specific managerial structure. Change in the stakeholders from those that established the organisation can also be expected to reduce survival prospects because they may or may not share the preferences for organisational form of those who initiated the setting up of the organisation, placing the continuation of the organisation at risk. Furthermore, congruence of those stakeholders setting up and assessing the agency is also likely to matter because the creators of an agency are likely to be more forgiving of poor performance, although we do not explore this interaction at this stage. Our performance management theory of survival gives rise to two core hypotheses:

H1 Organisational performance will be positively related to survival of the organisation
H2 Congruence of stakeholders setting up the organisation and assessing performance will be positively related to survival of the organisation

**Survival and Performance in the context of UK Executive Agencies**

In the context of UK Executive Agencies the survival of the organisation as a management structure is defined as the continued existence of the specific Chief Executive role. Survival consists of the maintenance of this management structure, rather than the particular named individual in this post who may change without leading to a termination of the organisation. If the management structure is not disturbed, the organisation can be said to continue even if the policy mission and activities handled by the organisation change substantially and even if the name changes. Where the management structure changes in this fundamental way the

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6 An example is the Scottish Court Service which was terminated in 2010 and replaced with a new independent body.

7 Interest in the relationship between public organisations and their stakeholders is analogous to interest in private management of firms and control by owners of the firm. This control not only involves hiring and firing individual managers but extends to the firm being acquired by other firms who take over management structures and may terminate the old ones (Esteve-Perez, Sanchis-Llopis, Sanchis-Llopis. 2010).

8 The Chief Executive is supported by a senior management team and together these comprise the management board UK Executive agency management boards contain a Chief Executive as well as other senior Executives and at least two Non-Executive Members with expertise outside the organisation.
former structure can no longer be said to have strategic control of the public activity and the organisation has been terminated.

Two examples service to illustrative cases of termination and non-termination. An example of nominal and functional change only rather than an organisational termination is the National Weights and Measures Laboratory. This agency had its name changed to the National Measurement Office in 2009 to reflect its new enhanced responsibilities, which were extended to include scientific functions previously performed by a unit of the agency’s parent government department. The management structure defined as its Chief Executive role remained intact. By contrast, the Mental Health Tribunal for Scotland Executive Agency had its functions transferred into a new Delivery Unit within the Scottish Government and at the same time its separate Chief Executive post ceased. In this case although the functions persisted in another organisational form the agency itself was terminated since its management structure, that is, the chief executive role, was dissolved.

In the context of UK Executive Agencies we list below six forms of broad organisational change of which iii) to vi) count as termination of the management structure for our analysis. These are (i) the termination of an activity completely in which all activities cease; (ii) privatisation of an organisation’s activity; (iii) a change of form within the public sector; (iv) acquisition of activity by another public organisation (e.g. subsuming an agency into a government department or transfer of functions to another existing public body); (v) a merger which involves the termination of existing organisations and the creation of a new one; and (vi) replacement of an organisation of another of the same type, including splitting an agency into two new agencies. These forms can be considered jointly to form a dichotomy between termination and continuation, or as different forms of termination event. We suggest that management termination entailing i) ending an activity completely and ii) privatisation are different from termination of management structure though changes where the activity continues but the specific organisational senior management structure is dissolved (ie in mergers, acquisitions, changes of form within the public sector, and replacements), and we concentrate on termination defined as this latter set of changes.
In UK executive agencies, ministers are distinct and qualitatively different from other stakeholders and have a central role in setting up, monitoring the performance of, and terminating management structures. Ministers head government departments and their respective executive agencies, using a regime of managerial autonomy within a performance accountability framework for each organisation’s activities. The framework entails performance targeting and measurement regimes for each organisation, with targets set by supervising ministers. Ministers do not require legislative change to set up or terminate the agencies. This arrangement of stakeholders differs from that found for many other public organisations within the UK and in many other jurisdictions, where identification of a key stakeholder may not be so straightforward. For example, UK Executive Non-departmental Public Bodies often have more formal incorporation of non-government stakeholders on their controlling boards, often reflected in legislation, thus weakening executive politicians’ influence over survival. In the case of US Federal Government, Lewis’ work (2002; 2004) examines agencies where the structure differs from most parliamentary systems in affording the legislature a much stronger role as a stakeholder in control of agency organisational form. There has been relatively little research focused on explaining survival in systems where executive politicians are the dominant stakeholders for public organisations and the focus on agencies allows a clear examination of the core hypotheses from the prior theory of stakeholder stability. Our research therefore extends analysis of extant theory to a major parliamentary democracy and, despite particular characteristics of the UK system, will have wider relevance for other countries with public bodies that have executive politicians as the dominant stakeholders.

**Method**

In order to assess the hypothesised relationship between performance, stakeholder stability and termination of agency management structures we use survival analysis. This method enables factors influencing the risks of change to be examined as independent variables in a way that takes account of the fact that the risk can vary over time. This allows a focus not only on whether a change occurs but when. The approach to mapping survival attempts to avoid some of the problems which have been identified with earlier mapping of organisational longevity. Kaufman (1976)
found that many agencies in the US were highly durable. This work has become widely cited as evidence of the immortality of many public bodies. However, Kaufman’s approach was to compare agencies at the start and end of a period, ignoring bodies that came and went between the two survey points which inflated his assessment of durability (Peters and Hogwood 1988; Lewis 2002: 90-1). Lewis adopted a more inclusive definition of termination which is a further reason why his estimates of agency termination are much higher than those found by Kaufman.

We present here our modelling using discrete time models with years, based on financial years, as the unit of time. This approach matches performance information, collected annually, to survival periods, which for most agencies end at the end of the financial year (end of March). We specify termination as a binary event (terminated in period/not terminated in the period) which allows us to use a logit model for binary response.

Our dependent variable termination is defined as any case where the Chief Executive Role has been terminated due to a merger, an acquisition, a change of form within the public sector or replacement by another executive agency. These forms of termination are coded 1; those agencies that are continued are coded 0. Cases of privatisation and termination of function are not classed as terminations since they are likely to have different explanations as suggested by the theory discussed above. These cases are included in the dataset but are censored at the time of privatisation or termination of function.

The key independent variables within our theory of organisational longevity are performance and stakeholder stability. The first variable is measured as performance against key targets agreed with ministers. Whilst the targets have changed from time to time, the proportion of targets met provides a useful measure of performance against dimensions agreed as important with the key stakeholder each

9 Future analysis will consider the interaction between these two factors. The combination of higher levels of performance and higher levels of stability is likely to have an effect greater than their simple sum. However we expect that the strength of these effects will be contingent on the autonomy of the organisation. This moderator therefore is expected to reduce the impact of negative performance on termination in Hypothesis 1 and reduce the impact of stakeholder change on termination in Hypothesis 2.
Considering proportion of targets met provides a way of considering performance across a set of bodies handling a diverse set of activities, Performance information about national government is increasingly used in contemporary research, notably in use of federal government PART scores in the United States (Lewis, 2007; Gilmour and Lewis, 2006a, 2006b).

Stakeholder stability is defined as congruence of the party administration setting up the agency with the party in control at a particular point in time, following the approach used by Lewis (2002) to examine political influence. In systems operating under responsible party government, parties are a good indicator of ministerial stakeholder characteristics. We code congruence as 1 if it is a period of the same party as established the agency and 0 if it is not. For coalition periods we code 1 if the minister in control of the ministry supervising the agency is of the same party and 0 if it is not.

Drawing on the discussion of previous research on organisational survival, we include set of control variables. These variables are the size of individual organisations, central government public expenditure, to examine cost cutting or expansion as an influence on termination, and the financial autonomy of an agency because the fundamentals of institutional structure of autonomy is otherwise similar across this set of bodies (notably the lack of protection afforded by legislation). The size of individual organisations is measured as the number of full-time equivalent staff members. The budget of the central state is the amount of central government spending. We measure financial autonomy using the binary variable of whether or not an agency has Trading Fund Status. Trading funds have standing authority to use their receipts to fund expenditure, rather than relying solely on government appropriations. They can also establish reserves from their surpluses. This degree of

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10 The information is available in agencies’ annual reports and in the Next Steps Annual Reviews produced by the UK Cabinet Office.

11 Coalition periods occurred in the UK Government from May 2010 to date, in the Scottish Executive from 1999 until May 2007; the Welsh Assembly from 1999 to May 2003 and July 2007; and in the Northern Ireland Executive a power sharing arrangement has been operational since Dec 1999. During periods when the Northern Ireland Executive was suspended agencies were supervised by the UK Government and the UK coding for ministerial congruence is used for these periods (Feb – May 2000; Oct 2022-May 2007).

12 The public expenditure figure used is central government expenditure for activities directly related to central government departments including spending on the devolved administrations, executive agencies, Non-departmental Public Bodies and health trusts.
financial independence is likely to make these agencies more immune to termination in challenging circumstances, for instance by permitting them the opportunity to dip into reserves, alter their pricing structures or identify new sources of income.\textsuperscript{13}

In model 1 we focus on proportion of targets met, potentially ranging from 0 to 100 percent. In model 2 we examine two dummy variables, one for proportion of targets met not above one standard deviation below the mean proportion and one for proportion of targets met at least one standard deviation above the mean (where the mean =77\% and 1 standard deviation = 20\%). Model 2 allows us to test for extremes of performance which we can expect to have an effect, with exceptionally high performance likely to insulate an agency from termination and exceptionally low performance having the opposite effect. We include a series of dummies for the baseline hazard in each of the 23 years in our analysis, to enable a flexible specification of the baseline without having to make strong assumptions about the form of the relationship. A further step in the analysis will be to use the Cox approach to proportional hazards in survival analysis. This does not make parametric assumptions about the distribution of the baseline risk and is appropriate because we are interested in the influences of covariates on risk rather than relationships with age.\textsuperscript{14}

**Preliminary results**

The Kaplan Meier survival function for executive agencies in the period 1988 to 2011 is set out in Figure 1 below, with all bodies set up in the period surveyed. As shown in the Figure, about one third of agencies survived for ten years or less and only one quarter made it to their twentieth birthday with a total of 127 terminations of agencies as distinct management structures.

\textsuperscript{13} Future work will include information on the origin of the agencies as a further control variable, because the activities in many cases existed in a different form prior to their establishment as Executive Agencies.

\textsuperscript{14} We plan to run more tests to check the proportionality assumption incorporated in these models and to analyse alternative specifications of both discrete and continuous time models.
The results of the two logit models for discrete time data are presented in Table 1 below in the form of odds ratios (with 1 indicating that a variable is not associated with a change in the odds). The findings are preliminary, partly because we are yet to complete the extensive collection of performance target data fully to code every agency for every year. The first hypothesis that better performance reduced the risk of reorganisation is not supported overall, although achieving a high proportion of targets is associated with reduced odds of termination. However, the second hypothesis that congruence reduces the risk of reorganisation does receive strong support in both models. It appears that congruence in the party of the minister setting up the agency and overseeing it in a subsequent year substantially reduces the odds of the management structure being terminated.\textsuperscript{15} The descriptive statistics are outlined in Table 2.

\textsuperscript{15} We are currently in the course of further examining the assumption of proportional odds, particularly whether it may take some time for performance regimes to settle for new agencies before performance has a clear relationship with termination.
### Table 1 Logit discrete time survival models for UK executive agencies 1988-2011: preliminary analysis

<table>
<thead>
<tr>
<th>Model 1</th>
<th>Model 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proportion of performance targets met</td>
<td>1.01 (0.01)</td>
</tr>
<tr>
<td>Low proportion of targets met (one standard deviation below the mean)</td>
<td>0.63 (0.29)</td>
</tr>
<tr>
<td>High proportion of targets met (one standard deviation above the mean)</td>
<td>0.36 (0.22) *</td>
</tr>
<tr>
<td>Congruence of party political oversight and creation of agency</td>
<td>0.26 (0.12)***</td>
</tr>
<tr>
<td>Central government spending (total across central government)</td>
<td>1.00 (0.00)***</td>
</tr>
<tr>
<td>Staff in agency</td>
<td>1.00 (0.00)</td>
</tr>
<tr>
<td>Trading fund</td>
<td>0.60 (0.28)</td>
</tr>
</tbody>
</table>

1675 observations in each model

Table lists odds ratios (standard errors)
Models also include base dummies for each of the 23 years of the study,
* indicates a p value of 0.1 or less, ** indicates a p value of 0.05 or less; *** indicates a p value of 0.01 or less

### Table 2 Descriptive statistics for independent variables in models 1 and 2

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proportion of targets met</td>
<td>76.83</td>
<td>20.55825</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>Low performance</td>
<td>0.17</td>
<td>.3727002</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>High performance</td>
<td>0.13</td>
<td>.3352505</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Congruence</td>
<td>0.45</td>
<td>.4977168</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Central Govt Spending (£m)</td>
<td>293,588</td>
<td>83799.39</td>
<td>163,100</td>
<td>483,500</td>
</tr>
<tr>
<td>No of Staff</td>
<td>2861.57</td>
<td>9167.821</td>
<td>20</td>
<td>100,000</td>
</tr>
<tr>
<td>Trading Fund</td>
<td>1.155821</td>
<td>.3627938</td>
<td>0</td>
<td>1</td>
</tr>
</tbody>
</table>

1675 observations in each model
Discussion and conclusion

This paper sets out a theory of organisational performance and the survival of organisations as distinct management structures. It takes the first steps in evaluating this theory using data for UK executive agencies. In the period 1988-2011 about one third of agencies survived for ten years or less and only one quarter made it to their twentieth birthday, showing that these public organisations as management structures were very far from immortal. The theory suggests that performance of the organisation and the stability of stakeholders are key influences on this form of termination. The preliminary findings for models 1 and 2 provide only limited support for a relationship with performance variables, with high performance only being associated with a reduction of risk, but strong support for the congruence of stakeholders reducing risk of termination.

However, the data collection is not fully complete and further analysis is required fully to assess these preliminary results. Further research will also focus on the interaction between congruence and performance, and the influence of autonomy as a moderator of the relationships between performance, stakeholder stability and survival. In future projects, it would be interesting to extend the analysis beyond executive agencies because these bodies all share the same institutional lack of protection from termination. We have partially addressed this issue through examining funding as a variable influencing de facto protection from political stakeholders. However, a fuller analysis of institutional variation, building on existing work in the US and elsewhere, could look comparatively across jurisdictions to see what difference legal and broader constitutional structures make to how performance influences survival.
References


