14. NPM in Sweden: The Risky Balance between Bureaucracy and Politics

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Swedish management traditions and NPM

“Only Sweden has Swedish gooseberries”. The famous remark by the 19th-century Swedish author Carl Jonas Love Almqvist about what makes Sweden uniquely Sweden can easily be applied to management contexts. Sweden has its very own, very Swedish tradition of administration and management, one which also generates unique management problems (Premfors et al. 2003; Molander et al. 2002). One key factor in this is the high degree of independence of the Swedish public administration, which is enshrined in law and which has its origins in the construction of the State administrative apparatus in the 17th century. To take an example: Swedish Government ministers are not allowed to exercise any influence over decisions by the administration, and ”ministerial interference” is banned. Another important element is the far-reaching autonomy of Swedish municipalities (with their tax-raising powers, among other things); this is also laid down in law, but its exact limits in relation to the duties of central government are not clearly defined anywhere.

This autonomy, too, has a long pedigree. Civil servants also have great freedom of speech, and all public documents are in principle just that: public; this is a tradition that has its roots in the Swedish version of the Enlightenment known as the Age of Freedom. It is not surprising, therefore, that one of the most frequently cited international reviews of Swedish administrative policy begins by seeking the causes of Swedish management problems in the 17th and 18th centuries (Molander et al. 2002). Nor is it surprising that in Sweden, New Public Management – far from being about privatisation only – has been greatly preoccupied with the manageability of the public organisation.

To an outside observer, this high degree of decentralisation and independence may seem odd, since the reputation earned by Sweden in the postwar era is rather that of a centralised, reforming social democracy. This element is also an important factor in the background to the NPM reforms. First of all, the extremely rapid and comprehensive expansion of the public sector in the 1960s and
1970s (Tarschys 1983) meant that contrariwise ideas of Anglo-Saxon origin – that public services are carried out better and more efficiently by private enterprises, rather than by a bloated bureaucracy with a tendency to consume its entire budget – found fertile ground in Sweden once the backlash against this strong expansion finally began. Secondly, this centralised reform tradition meant that the Swedish state, and not least social democratic policy (not to mention the trade unions) changed tack surprisingly easily in the late 1980s and early 1990s, and instead almost unanimously came to embrace wide-ranging reform towards privatisation.

Nordic countries are often lumped together in one category, as cautious friends of NPM (see e.g. Pollitt & Bouckaert 2011), but the difference between Sweden and a country such as Denmark is very obvious in this respect. Although surprisingly few comparative studies have been carried out, it is clear that Denmark’s embracing of NPM has been only rhetorical in nature, not least because there has been compact resistance to actual reform (Löfgren 2009).

NPM can be divided into two types of reforming ambition: “marketisation” and “corporatisation” (Brunsson & Sahlin-Andersson 2000). Marketisation, which is without doubt the best-known reforming ambition in the political and public debate, is all about turning the public sector into a more or less clear-cut marketplace through various types of privatisation or quasi-private structures within the public sector. The centre–right Governments of 1991–1994 and 2006 onwards, and a number of centre–right-controlled municipalities and county councils (primarily in the Stockholm region), have been at the forefront of this type of reform (Pollitt & Bouckaert 2011).

The early 1990s saw the privatisation of a large number of government-owned corporations, a sweeping measure that is often seen as a reaction to the acute economic crisis in Sweden at the time (Premfors 1999). What was important in the long term, not least politically, was that publicly-constructed “markets” in the area of schools, health and care provision began to be developed. Although it is true that centre-right governments, county councils and municipalities have spearheaded such developments, political agreement in these areas has been surprisingly strong. One clear trend has been that Social Democratic governments have continued down the marketisation path first laid out by centre-right politicians. In 2010, the proportion of private providers funded from the public purse was 12 per cent in the health and care sectors and 11 per cent in schools (Swedish Statistics). The current Government is trying to bolster these developments through legislation, such as the Act on the System of Choice in the Public Sector. The most recent official inquiry on the public administration (SOU 2008:118) lays down that the public sector should, in principle, not compete with the private sector, which can be interpreted to mean that private provision is increasingly seen as the norm in Swedish production of goods and services. There is continuing growth in the public service procurement of private services, although this is a trend that can be seen throughout the Western World (OECD 2011).
Corporatisation is a trend which has attracted much less attention. What it means is that public organisations carry out business-focused reforms to improve their organisational and managerial efficiency and boost their external legitimacy (Brunsson 2006; Brunsson & Sahlin-Andersson 2000). Here, public organisations – usually at their own initiative or under the influence of consultants and stakeholders – apply management models such as performance-based management, total quality management (TQM), business process reengineering (BPR), lean production and the balanced scorecard. The most common management model used in the central government sector is management by objectives and performance (Sundström 2006). Financial control systems based on practices in the private sector are also introduced: one of the most important financial control systems is profit centres, in which public organisations and/or parts of such organisations (such as schools in a municipality, or the faculties of a university) are regarded as discrete companies which must balance their budgets and which buy and sell services from each other in a sort of fictional marketplace. From the point of view of political control, the main consequence of the corporatisation reforms has been the focus on the primacy of financial performance. This is closely related to the increased powers of the Ministry of Finance over the budget process, and its ambition to control all policy areas in a standardised fashion rather than using sector-specific control principles (ibid; Dahlström et al. 2009).

Delegation and control

The rest of this chapter will be devoted to a critical discussion of the relationship between centralised control and delegation in the Swedish public sector, paying particular attention to the NPM-inspired management tool of performance control by means of evaluation, ex-post control and quality assessment. Public-sector management in Sweden used to be characterised by its relatively detailed, hands-on nature, while at the same time allowing a certain latitude: within their budgetary frameworks and outside areas that were regulated in detail, public authorities could, in principle, do what they liked (Sundström 2003). An example – perhaps an extreme one – is that of higher education institutions (which in Sweden are formally speaking government authorities). Here, central government exercised detailed control of staffing structures and education, but otherwise allowed the institutions to run their operations as they liked. In the 1990s, power over the educational structure, and financial allocations, were decentralised and delegated to the institutions themselves (Askling et al. 1999). At the same time, however, a tougher auditing and evaluation regime was introduced under which the institutions were – and are – expected to increasingly operate on business principles and to report their operations upwards to the governmental level in a businesslike fashion (Hall 2012a). It is notable that the management regime, as a result, shifted from input control to output control: from controlling the financial and personnel-related basis of the operations to instead trying to control the per-
formance generated. This shift from input to output control is perhaps the most marked change in the management of the Swedish public sector.

Like corporatisation, management by objectives and performance was implemented under the pressure of the economic crisis of the early 1990s (Premfors 1999). Under this NPM-inspired reform, politicians were supposed to content themselves with setting objectives for the operations and checking that they were met, while the means of achieving the objectives were delegated to regional and municipal bodies and operative units (such as county administrative boards) within the state structure (Sundström 2006). The central government authorities, which previously had an important role as implementers, were reorganised into government staffs. Instead of occupying themselves with details, these staff authorities would provide the understaffed Government Offices with material on which to base their decisions (Molander et al. 2002; Roness 2007). The Swedish Environment Agency, for example, changed in the early 1990s from being an organisation with important implementation tasks into an administrative staff organisation for the Ministry of the Environment, while implementation of environmental policy was delegated to county administrative boards and municipalities (Swedish National Audit Office 2006:2). At the same time, the new Local Government Act gave municipalities greater freedom to organise their operations, in the same way that central government authorities were given greater freedom to organise theirs (Bouckaert et al. 2010). Control of schools was decentralised to the municipalities. Major central planning authorities such as the National Board of Health and Welfare and the National Schools Board were pared back or shut down completely. There are repeated examples from a large number of policy areas. The consequence of management by objectives and performance, then, is massive delegation (see Table 14.1).

What we can see, then, is that an administration that was initially relatively independent has become even more “bottom heavy” since the 1980s (Premfors et al. 2003). Since the reforms were intensified under the pressure of an acute cost crisis, it is probable (even if it is difficult to find hard evidence) that a key underlying motive was that delegated responsibility would also lead to delegated cost responsibility. There were also attempts to ensure budgetary discipline at the delegated level through capped grants and a municipal tax ceiling. One side-effect of this, however, is that today’s politicians at the national level find themselves with fairly limited powers to directly control developments in large operations.

Table 14.1. Employers and share of public sector workers (percentage).

<table>
<thead>
<tr>
<th></th>
<th>1979</th>
<th>2009</th>
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<tr>
<td>State</td>
<td>33.5</td>
<td>18</td>
</tr>
<tr>
<td>County councils</td>
<td>28</td>
<td>19</td>
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<tr>
<td>Municipalities</td>
<td>38.5</td>
<td>63</td>
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Source: Statistical Yearbook of Sweden (Swedish Statistics).
Instead, they have developed a habit of getting involved in “rights” and making self-assured pronouncements on behalf of the citizenry about how bad things are in various areas (schools, care, etc.), despite the fact that it is these very politicians who are responsible for developments. In other words, politicians at the national level are not particularly happy to settle for drawing up objectives and evaluating performance.

One problem with the objectives/performance model – despite the important organisational consequences that we have seen above – is that it has never aroused the enthusiasm of politicians. Instead, it has been regarded as something produced by civil servants, perhaps even something produced by civil servants which is designed to reduce the power of politicians (Jacobsson 2001; Mundebo 2008). The response of politicians, which can also be regarded as NPM-related, is then to enter the fray on the side of the “customers”, i.e. the voters, and focus on rights, freedom of choice, value for taxpayers’ money and, not least, quality.

The quality management trend, which is also part of NPM, has a much greater chance of being embraced by politicians, thanks to its links to citizens, than does management by objectives and performance. All the same, this embracing is a consequence of the wide-ranging delegation which is related to management by objectives and performance. The strongly-delegated public sector generates a need, among both politicians and civil servants, to take control of events and appear to the voters as competent leaders. The more delegated political control is, the less those in charge at lower levels tend to pay attention to it (Christensen & Lægreid 2001; Egeberg & Trondal 2009). Delegated responsibility, then, is behind the demands to manage, control and evaluate more.

Quality management

Quality and performance evaluation are not popular because of corporatisation reforms only, however; they are perhaps even more so because of marketisation reforms. In recent years, attention has been drawn to the fact that private owners of schools and care homes for the elderly have tended to make large profits, and that their owners are no longer the enthusiastic small entrepreneurs who were the heroes of the early privatisation rhetoric; they are now major corporate groups owned by investment capitalists. The profit that they harvest from the operations is taxpayers’ money – because the system was built using public money and because the money follows the customer to private as well as public providers – which in many cases vanish to tax havens.

When discussion of these unintended consequences of the system coincided in the autumn of 2011 with media reports about poor care quality in private care homes for the elderly, there was, for the first time in Sweden, widespread debate about privatisation in Sweden. These media reports, in turn, arrived at the same time as the publication of a research report called *The Consequences of Competition*, which attracted a great deal of attention. This report showed that after 20
years of privatisation, there is no evidence that it has led to any benefits in the shape of reduced public costs or greater quality or value for money (Hartman 2011). It was also pointed out that there is no system in place to follow up and evaluate privatisations at the national level. The report attracted attention particularly because it was produced by the SNS, a think-tank close to business. In the debate that followed, there were dark mutterings about the fact that the SNS had published results like these, followed by ironic remarks from the critics of privatisation that its adherents were not actually interested in evidence-based studies, since privatisation, for them, is completely ideology-driven.

Neither the reports about poor quality of care nor the research study resulted in any action, however (although a Government Commission of Inquiry is looking into the possibility of a legislative proposal about tax evasion). Judging by the debate, privatisation is not short of critics, but they lack political representation, other than in the former Communists in the Swedish Left Party. The political reaction, on its part, has with one voice proclaimed improved quality control as the road to successfully getting rid of bad providers and improving quality. Furthermore, the quality control trend is stronger than ever in the debate about how public organisations should be run. In environmental policy, environmental quality objectives are running the show. In higher education policy, a new – if heavily criticised – quality system has been introduced with the clear aim of informing “customers” about which courses are of high, or low, quality. In the health and care sector, the National Board of Health and Welfare, working with the Swedish Association of Local Authorities and Regions, is running a wide-ranging quality control project which, among other things, is based on greater visibility of performance (Bejerot & Hasselbladh 2011; Blomgren 2007). A current trend which covers a number of diverse sectors is that future resource allocation should be increasingly guided by quality control; this is known as “pay for performance”, which only serves to confirm the shift from input-focused to output-focused control.

Put briefly, almost all voices in the debate today express themselves in a similar way: evaluation and attempts to manage using quality control have shown no signs of working, so we must therefore put greater effort into management, using evaluation and attempts to manage using quality control. In other words: that which has hitherto failed will suddenly ensure effective control in the public sector. The argument does not feel particularly logical. If we link this quality discourse to what we have already said about delegation, however, it is clear that what we are dealing with is a phenomenon of compensation: decision-makers have delegated direct control over the public sector, and are clutching at the straw of quality follow-up when no other means of control is available.
The problems of quality management

Why do quality follow-up and performance measurement not work? There are two types of answer: a simple one, and a complicated one. The simple answer is that decision-makers are not actually interested in follow-up, because they are busy with more important things instead. One piece of evidence in favour of this argument is the fact that lack of quality comes to light mainly through reports in the media. However, several decades of research by political scientists into the phenomenon of evaluation in the public sector also make clear that politicians live in the present and in the future, focusing on problems and conflicts, and not on outcomes and analyses. There is also much evidence that decision-makers rely more on information that reaches them via their own personal contacts or from citizens, the media and stakeholder organisations than they do on information they receive via evaluations. In other words, they are still living in the world of input-focused management (Brunsson 2006; Tarschys 1986).

Decision-makers, then, are not actually interested in managing things rationally – for example, using the approach required by the management by objectives/performance model (Jacobsson 2001; Sundström 2003). The possibility of achieving the analysis-based policy that is required by the focus on quality follow-up seems, within NPM, to be a ghost of the technocratic dreams which characterised the age of social engineering. In Sweden, for example, the central monitoring authority known as the National Audit Office was moved, amidst strident political debate, from the government to the Riksdag (Parliament) so that it could carry out “independent” analyses. Interest in the results of the Office’s analyses is, however, extremely modest (Ahlbäck Öberg 2010). Not even the government itself actually carries out management by objectives/performance: studies show instead that the government controls its central authorities via direct orders and specified tasks (National Audit Office 2006:2). Furthermore, actual evaluations and measurements of performance are often criticised for being unreliable and invalid (Head 2008). The difficulties inherent in measuring intangible qualitative properties (such as nursing care) using numbers are often mentioned (Broadbent 2007). In many cases, what gets measured is documentation and plans, rather than actual activities (Segerholm & Åström 2007).

The more complex answer is that quality follow-up and performance evaluations, in a broad sense, do in fact produce significant consequences and reactions. In the words of the British auditor and philosopher Michael Power (1997), it creates an “audit society” in which all organisations are constantly prepared for external scrutiny and must ensure that they are auditable. Output control thus produces public organisations that try to make themselves, and their results, visible to the organisations to which they are subordinate. In this way, quality follow-up and performance evaluations do have effects – just not the effects expressed in the rhetoric of decision-makers. It is therefore wrong to focus on individual evaluations and say that they were merely symbolic or meaningless, or on individual decision-makers and say that at the end of the day, they were not very interested
in the evaluations; it is, instead, the control system itself that is the issue. Audit-
ability in the broad sense, which is to say the application of a number of delimit-
ing techniques focusing on visibility and containing both controlling and creative
elements, becomes, instead, a centralised means of power and control in modern
society (Rose 1999).

A primary driving force for this type of control is to make more and more as-
pects of society subject to control by making them visible. These aspects are given
names (such as “the university’s quality system”) and thereby come into being as
objects to be controlled. Evaluations, in contexts such as these, can often service
the purpose of legitimising change (Hasselbladh et al. 2008). If an evaluation
makes an operation visible, it also makes its shortcomings visible, which can be
taken as an argument for changing the control system, for example in the direc-
tion of more market-based control. In this way, evaluation leads to problemati-
sation rather than the creation of legitimacy. Another driving force is to bring
in other actors to effectuate this control – often the very actors which are being
controlled (Rose & Miller 1992). Actors in the public sector must control and
discipline themselves by making themselves auditable. According to researchers
belonging to the “governmentality school” (such as Dean 2010), a third driving
force is to move the decisive parts of control to places which are, in a strict sense,
outside the political sphere but which are still necessary for the control objectives
(i.e. to the private sphere – parents’ right to choose a school, health care choices,
various contractual relationships or the individual employee’s responsibility for
his or her own growth). The system must be auditable as a whole – auditable in a
broad sense – not in its component parts.

If we follow this more complex view, while it may be true that decision-mak-
ers’ demands for quality control lack bite as a means of actually controlling qual-
ity, it is also true that this type of control still has great impact. This impact,
however, is not particularly dependent on national decision-makers, but instead
on international standardisation instruments of the type ISO 9001 and its equiva-
lents in particular sectors, in which the processes of the public sector are increas-
ingly productified and compared with each other and with those of the private
sector (Brunsson & Jacobsson 2000; Higgins & Tamm Hallström 2007). Quality
control, for example, is a global mega-trend in which various types of interna-
tional organisation – consultancies in various sectors, the OECD’s PISA mea-
surements in schools, accreditation and certification – increasingly determine
which measurements national and local institutions should be judged by. These
global instruments of control have, at the same time, extremely local implications
in a delegated system like that in Sweden. In Sweden, it is namely the case that
the relationships affected are primarily organisational power relationships at the
grass-root level, specifically the relationship between what I call management
bureaucracy (Hall 2012a) and professional groups.
The new management bureaucracy

With delegated responsibility comes delegated conflicts. For someone who grew up in the 1970s and 1980s, it is notable how Swedish politics at the national level has been stripped of what used to be major conflicts. Labour market policy, industrial policy, all types of economic policy and environmental and social policy all used to inflame political passion. The Social Democratic Finance Minister Kjell-Olof Feldt, who more than anyone is associated with social democratic entrepreneurial reforming ambition in the 1980s, claims in his memoirs (Feldt 1991) that it was because he was fed up with conflicts of interest over schools policy (primarily with the teaching unions) that he had the idea of putting schools under the control of local authorities. Delegating conflicts and management problems, however, does not mean that these problems and conflicts go away. Where problems of management and control are concerned, organisational research instead shows that decentralisation leads to an increase in such problems (Farrell & Morris 2003; Hatch 2006).

At the delegated level, quality management techniques can be used to boost management's control of the work of professionals at the coalface. Within those organisations which I have studied more closely – a Swedish university and a Swedish county council with responsibility for health care (Hall 2012a) – this has become a clear consequence over time. At the university, professional work is examined in increasing detail through central quality control techniques which have clearly standardising purposes. The focus is on greater central control of the university internally, and greater legitimacy externally. At the county council, a well-known industrial quality management model (TQM) is used to create a more uniform organisation. Here, greater central control does not seem to be as much of a priority; instead, the purpose is greater control of the professional groups, particularly doctors. In both of these organisations, there is extensive use of pay-for-performance systems (ibid; Hall 2012b). Judging by my results, studies by political scientists of the impact of NPM reforms focus too narrowly on the national level. In a delegated system, it is rather local organisational elites which are given greater powers to control their organisations using NPM techniques. At the same time, these local power projects are dependent on the distance to the political level and the absence of political guidelines. It is even possible to see the quality control techniques as a type of political ideology (ibid).

What quality management techniques do generate are comfortable arguments for those pretending that politically-controlled operations are not actually political, but are instead something else; something efficient and predictable which can be evaluated and precisely controlled. In the same way, management techniques have also become a means of pretending that old-fashioned “bureaucracy” no longer exists. If we look more closely at business-inspired management trends, however, it is more accurate to say that bureaucracy is gaining ground, or even taking over (see also Gregory 2007). As the political sphere abandons areas in which it used to be active, and devotes itself to various types of low-level organi-
sational activity, it is instead those who are carrying out this organisational activity – the bureaucrats – who assume power over policy. There is a silent struggle in public organisations between professional groups – teachers, doctors, social workers and so on – and the bureaucrats who increasingly attempt to control their everyday lives: managers, communicators, controllers, HR personnel, strategists, developers. These, in their turn, often have similar demands placed on them from bureaucrats higher up in the hierarchy.

I would thus assert that politics today has been “brought down” to these organisational levels. The struggle over priorities and the organisation of environmental management, education, health care, social services, and local development takes place between different groups within the organisations, while those who should be making this type of decision are in other arenas, such as the media arena. In this control vacuum, we see the creation of a new type of bureaucracy, a “management bureaucracy” which uses management models inspired by the private sector (Hall 2012).

Conclusion

The new management bureaucracy has come into being in order to create manageability and control over operations which are difficult to control in detail, or which are actually not allowed to be controlled in detail because of management by objectives and performance. The primary focus of the latter part of this chapter, however, is the bottom–up dimension – the requirement for organisational systems which can resolve the control needs of the organisations responsible for delegated or decentralised management. Management systems are a sort of ritual which creates order. These rituals are observed not only to create legitimacy in the eyes of others, but also to manage conflict and thereby create order and predictability – in other words, they have the purpose that rituals have always had in human communities (see Hood & Peters 2004; Brunsson 2006).

The business-inspired management models that currently dominate in the public sector can be regarded as a new type of political ideology which has replaced the old. These management models are mostly (not always) undemocratic, and they are very rarely run by democratically-elected representatives and often by bureaucrats. A concrete conclusion that can be drawn from this chapter, then, is that the more input-focused side of politics must play a bigger part in the public sector. Perhaps developments are moving in the right direction – the media reporting of recent years suggests that soon, politicians will no longer be able to evade responsibility, even if it is symptomatic of their rhetorical interest but practical disinterest that it is always the media that is driving the process. Politicians can no longer stand on the sidelines and point their fingers at badly functioning operations, at the very same time as they themselves are incapable of having any visions about the operations. Perhaps politics itself is the most poorly-functioning
operation in the public sector, and that it is politics which should be the object of reform (see Pollitt & Bouckaert 2011, p. 181).

Taming management bureaucracy, however, perhaps also means counting the actual cost. Why are all activities carried out by overworked doctors, teachers and social workers measured and controlled, while the cost of the management and organisational activities that consume the time of the management bureaucracy is not measured and controlled at all? Why do we feel such a lack of trust in schools and health care, but apparently great trust in costly management, follow-up and audit systems? Why do we not examine the examiners and managers, instead of just the lowest levels of the management systems? (see Brunsson & Jacobsson 2000).

With respect to marketisation reforms, there is increasing discussion about what effect market logic has on the general values of the public sector and the more specific values of specific professional groups (see e.g. Newman 2001). Privatisations and public procurements mean an increasing amount of control by contract, where what the contract says is what is on offer (and this, too, must be increasingly followed up). Measurability and market values therefore risk squeezing out values in the public sector which are harder to define and difficult to measure. A risk which Power (1997) also points to is that the audit society can lead to increasing lack of trust in public services, something which can become self-reinforcing: the more that we feel we need to control, the more reason we have to assume that we cannot actually rely on anything. The public sector probably needs a certain amount of public trust to be able to function at all. The more that things have to be regulated by contract, the greater the risk of cheating.

This chapter has been devoted to a critical discussion of NPM i Sweden, with particular focus on the trends of measuring performance and quality control. Not everything, of course, is gloomy in the Swedish public sector – the focus of this discussion has been, as I mentioned above, critical. Sweden continues to keep its place at the top of the World Bank’s index of public-sector efficiency. Respect for individual citizens and clients, thanks to the trend of increasing individualisation in society, has probably improved rather than declined. There also seems to be a widespread professional ethic, often invisible and hard to measure, which in reality is what keeps the public sector ticking along on a day-to-day basis. The key point of this chapter is that politicians must assert their presence in the public sector, not just for the sake of democracy but also because it is morally reprehensible to delegate responsibility downwards and then stand on the sidelines and criticise the operations that one should actually be guiding and taking responsibility for. It has also been pointed out that the focus on ex post-control, i.e. on output, has been pushed too far, which risks leading to over-bureaucratisation. A new, input-focused policy should be developed which asks itself fundamental questions – and develops ideas – about the values, objectives and meaning of the public sector, rather than slavishly imitating the private sector’s – purported – way of thinking.
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