Still the century of government?

No signs of governance yet!

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Over the past few years there has been an apparent search amongst international scholars to coin a new, all-comprising concept that can capture present developments in the public sector and produce an alternative to the concept of New Public Management (NPM, Hood 1991), which has been the mainstream interpretation for the past decades. Some have been talking about the post-NPM era (Christensen and Laegreid eds. 2011, Christensen 2010), others about the Digital Era Governance (Dunleavy et al. 2010) and the Neo-Weberian State (Politt and Bouckaert 2011). But there are many indicators pointing in the direction of the concept of The New Public Governance (NPG) to be the new gospel and mainstream political science interpretation of what is going on in the public sector. The governance perspective in political science has been advocated amongst prominent researchers such as Bob Jessop, Jan Kooiman, Walter Kickert, Guy Peters, Richard Rhodes and Jon Pierre since the mid 1990s. In the announcement of a New Public Governance workshop in 2013 Stephen Osborne stated that: “The conceptual framework of the New Public Governance (NPG) has been gaining considerable ground across the world since first being articulated in 2008 (Larsen 2008, Osborne 2008). The publication of ‘The New Public Governance?’ (Osborne 2010) gave this framework substance as a theoretical and empirical reality, as a way to understand the production and delivery of public services in a fragmented and pluralist society. Since then, research about the NPG has been increasing. Writers such as Victor Pestoff, Jacob Torfing, Gary Larsen, Taco Brandsen, Stephen Osborne, Zoe Radnor and Bram Verschuere have used it to explore the realities of contemporary public services delivery”.

Despite reservations by its founding father saying that NPG is not to be considered a new reform regime or reform paradigm (Osborne ed. 2010: 2), it is in his own words (ibid.) supposed to better capture the contemporary complex reality of the design, delivery and management of public services.

Rooted in institutional theory and network theory viewing organizations as open, natural systems NPG can as a minimum be viewed as theory to use when studying the public sector; I, however, wonder, to which extend NPG is an appropriate diagnosis of what is going on in the public sector throughout the world, or if it is more of a sympathetic ideal of and normative guidelines for a pluralist state. I find the NPG interpretation challenged by actual fact and put to a critical test by government reactions to the recent fiscal crisis.

Certainly, I do not recognize NPG in the developments in my own research field, namely, the Danish public sector, notably in the developments in regions and municipalities. Quite to the contrary, it seems that the appropriate interpretation of central government reforms in Denmark, policies of local government in regions and municipalities, and the implementation of these reforms and policies by
top executives in the administrative systems is that they are very government like. This interpretation is closer to Pollit and Bouckaert’s concept of the Neo-Weberian State than to NPG.

If the concept of governance is characterized by networks, decentralization and bottom up processes, the classical concept of government characterized by hierarchies, centralized decision-making and top down implementation seems an appropriate counter concept. In the western world governments were created and institutionalized over the past three centuries as a vital part of nation-building (Tilly ed. 1973), with the intention of steering and managing huge entities in unitary states from the centre to the periphery exercising legitimate state power. The strategic behaviour in these endeavors has historically been that of top down decision-making and hierarchical implementation. In recent times, that is throughout the 20th century, most western countries, however, have witnessed a development of granting lower levels of government a certain autonomy creating equally legitimate claims of central state government and local governmental autonomy (vis-à-vis the state) (Page and Goldsmith 1987). This however is not in itself a break with the tradition of government. Also lower levels of government practice hierarchical and bureaucratic steering and management in a quest for efficiency and accountability. Certainly, in my research there are no signs of governance yet, and so this seems still to be the century of government.

We can define Government like this: by government in democracies is meant authoritative decision-making by elected politicians at state, regional and local governmental level implemented top down administratively through strategic priorities and hierarchical leadership systems anchored in bureaucratic routines and procedures.

The Evidence: Still the Century of Government?

If we look at Danish state reform policies from the beginning of this century and onwards it seems evident to me that all the major reforms they have launched can be characterized by state and government ‘besserwissen’ and top down thinking. The most important and all-comprising reform, the so-called Structural reform, came to life in 2004, not as the result of the traditional political negotiations and compromises between government and opposition. It was decided by the government in splendid isolation without the inclusion of the political opposition and without bringing any of the reports and answers from the obligatory hearing round amongst interested stakeholders (unions, particular intrestgroups etc.) into consideration (Christiansen and Klitgaard 2008). This is so much the more remarkable because there is a historical tradition in Danish policy-making for inclusion in negotiations and for compromises in important reforms, a tradition that external observers have named the consensus democracy (Erikson et al. eds. 1987)). And this is so much the more remarkable because the Structural reform was an all-comprising reform that dramatically changed the public sector, notably at regional and local level where 14 counties were merged into 5 regions and 275 municipalities became 98 (66 of them were the result of mergers between two or more municipalities). Traditionally, huge reforms have been anchored in consensus as they need to be morally binding in the future.

Similarly, the liberal-led government under Anders Fogh-Rasmussen (2001-2009) and later under Lars Løkke Rasmussen (2009-2011) launched reforms such as the so-called Quality reform and the reform of the police and the courts without involving the opposition and including interest
organizations in the traditional corporatist negotiations that have been characterizing the Danish state and government for decades. This shift in policymaking has been called “blokpolitik”, a excluding rule by the majority, a policy that the social democratic-led government under Helle Thorning Smith (2011-) explicitly wanted to change in favour of broad negotiations across ‘the middle’ in Danish politics. Looking at the policy that this government has initiated, there are, however – despite some inclusion of the opposition – many signs that top down state-besserwissen is still the reality. This was the case when the Ministry of the Interior in 2013 changed the organization of the regional state authorities the so-called Statsforvaltninger overnight, moving around 700 employees without even including the top executives in talks about the initiative. And this was the case when the state in 2013 decided to stop a labor dispute in which all the school teachers in the country had been lockouted by the local government interest organization, the Association of Local Authorities, KL, to the benefit of KL’s viewpoint.

Furthermore, the Social democratic-led government seems to have continued the former government’s (liberal) economic policy to handle the economic crisis, a policy that was created and enforced after the fiscal crisis became apparent in 2008. This economic policy represented a radical shift in the relation between levels of government, stating that henceforth budgets should be cut and that anyone superseding their budgets would be severely punished with sanctions. This policy can be seen as a radical recentralization of economic steering at all three levels of government, and has had historically dramatic results: for the first time in decades local governments from 2009/2010 and onwards have kept up to budgets because they succeeded in enforcing budget-thinking onto their own decentralized institutions via their management systems. Since the crisis and the new government policy in 2009, the budget cuts have been substantial both locally and regionally (often between 5 to 10 percent per year), and measures to rationalize the administration and service delivery have been drastic. As a concrete exemplification, 40,000 employees at regional and local governmental levels have been dismissed from January 2009 to January 2013 (historically, firing employees has been unheard of and almost non-existent in the Danish public sector that has grown constantly in both economic spending and in the number of employees ever since the 1950s). Firing employees could be legitimized only with reference to the fiscal crises and the necessity of being 'economically responsible'. On top of these endeavours, the policy of budget cuts that has been advocated at all three levels of government instigated form the state government and down and supported by elected politicians at all levels and by e.g. the association of local authorities, KL, has been supplemented by furthering an agenda of innovation.

So traditional rationalization in order to produce more with less – the classical efficiency and effectiveness measures – has been supplemented by the management ideal of ‘working smarter not harder’ by reinventing and innovating the service production of the entire public sector. Innovation and public service motivation is also the message in a public management and administration manifesto made by 30 Danish researchers in 2011 (www.forvaltningspolitik.dk).

**The Evidence: No signs of Governance yet!**

I have looked in vain for signs of governance in my own research on regions and municipalities. I have studied the 5 regions and the 98 municipalities closely from 2003 until 2012 (Christoffersen and Klausen 1998, 2012) and concluded that it is very difficult to find signs of governance. Krogh and Skött
also concluded a survey including 137 of the elected politicians at regional level that the elected politicians in the new regions could not identify with and fill out the new politician roles granted to them by the reform. The institutional setup in the Structural reform was quite different from the one elected politicians were used to from the old counties. The new politician roles were less oriented towards decision-making on administrative issues and in particular citizen-oriented cases and more oriented towards general policy-making and overall strategic issues. In short, one could argue that the new roles were more policy-oriented and governance-like. As in other studies (e.g. Berg 2000), the politicians rejected the new policy and governance-oriented roles (Krogh and Skött 2007, Moutritzen ed. 2010). Similarly many observers, in interviews with me, have observed that while the ideal of a new political character called the ‘metaguvernør’ (the one who is governing the meta – a phrase coined by Eva Sørensen) initially was viewed positively by many politicians at the regional level as advocated by Eva Sørensen and others, it was in fact nowhere to be found. In a comprehensive research project that was done before the reform (Sørensen 2002), Sørensen herself looked in vain for any politicians at state level, regional/county level and municipal level who actually adhered to and/or seemed capable of practicing metagovernance, which she defined by four characteristics, namely metagovernance practised through: 1) the creation of institutional frames and structures for networking, 2) the creation of meaning and identity, 3) creating and sustaining networks, and 4) participation in networks.

We might make reference to yet another initiative that could have paved the way for governance-like initiatives in the Danish public sector. In 2011 a group of more than 30 Danish researchers gathered from across the Danish universities in order to discuss the experience with and the consequences of thirty years of public modernization in Denmark that could be said to have been NPM-inspired reforms. A group of four (Lotte Bøgh Andersen, Carsten Greve, Kurt Klaukiusen and Jacob Torfing) became the editorial group. We wanted to use the opportunity to present to the newly elected social democratic-led government a research- and experience-based alternative to the thinking that had prevailed almost uncontested for so many years, hoping they would make it their reform agenda. The manifesto highlighted the “unforeseen negative effects” of past reforms that had focussed on contracts and documentation which had produced much loss of trust and increased feelings of demotivation, driving transaction costs and red tape. We recommended measures taken to reduce meaningless documentation (documentation that does not produce feedback and learning) and better the vertical and horizontal integration both between central and decentral government (state, regions and municipalities), between politics and administration, between the public sector and civil society and within the administrative system. The experiences discussed were many, as were the alternatives formulated. It was not a total disrespect of the achievements made by the NPM reforms, but it was a strong argument for changing values, relations and measures. Public employees were not (as in public choice theory/NPM) to be regarded as one-dimensional opportunity seekers, but rather to be looked upon as trustworthy individuals and collective actors driven by public service-motivation. Cooperation rather than competition was to be seen as a central lever to ensure efficient service-production and innovation. And initiatives to decentralize responsibility and involve employees and citizens more closely in both decision-making, and development of public service-production were emphasised as ways to enhance efficiency, innovation and motivation. Throughout the manifesto there was a strong belief in the advantages of involvement and decentralization/autonomy, a belief in people and trust-based relations – we should have and can have confidence in each other - and in the
dynamics from below – in short, a strong belief in the public service motivation and the dynamics of bottom up processes.

The Danish manifesto had much in common with previous attempts made by researchers in political science and public management to engage in and inspire public debate and policy-making regarding the future development of the public sector, attempts such as the New Public Administration (New PA) of the late 1960’s and the Blacksburg manifesto of the 1980s. The New Public Administration (New PA), was an attempt to revitalize genuine public sector values, such as democracy and the public good, as opposed to a growing instrumentalistic and economy oriented thinking throughout the public sector (Marini (ed.), 1971; Waldo (ed.), 1971; Wamsley and Zald, 1973). The so called Blacksburg manifesto (Wamsley, 1990), was an initiative aiming to promote a revival of some of the same observations coupled with new insights from new institutional theory. But neither of the initiatives had a staying nor dominating influence on the public debate on the public sector and on public sector reform. The Danish initiative shared this faith. It was destined to fail.

The initiative was praised by the associations of CEO’s in local government and by all worker’s associations. Some of them made their own version of the manifesto and made it their policy to promote the ideas. The ideas, however, never seemed to reach the government and the ministers. The editorial group of four was invited to meet with the top CEO’s of the state the so-called “departementschefer”, the head of the ministries, the key advisor to the ministers. They all met with us in a one and a half hour meeting. What happened, however, was that the initial positive attitude suddenly changed when the head of the Ministry of Finance signalized that he did not find the initiative appropriate and approvable. After that, all the other heads of departments shared this attitude. Also the powerful Association of Local Authorities (KL) reacted negatively to the manifesto. These reaction can best be understood when one knows that the Ministry of Finance had a dominant position amongst the ministries, and that the NPM reforms we were criticizing had been initialized and constantly nourished by the Ministry of Finance since the early 1980s, and because there was a strong alliance between the ministry and KL. So our initiative created some public debate but was never carried any further. Governance was not a construct grown in the backyard of the Ministry of Finance. Promoting ideals of decentralization and authonomy, it was a potential threat to central powerholders, to the state, to government.

The Evidence: Reorganization in Regional and Local Level Government

The study that I conducted together with Henrik Christoffersen from 2003 and onwards (Christoffersen and Klausen 2009 and 2012) is a comprehensive study of the regions and the local governments in which we studied one of the five regions and three municipalities in depth with more than a hundred interviews and a comprehensive gathering of other data. Christoffersen did the analysis of the developments and incentive structures based on economic theory (he is an economist), and I did the analyses of the executive administrative and strategic choices based on organization theory (I am the organization theorist and political scientist). I supplemented this qualitative study with in-depth qualitative studies of an additional two municipalities that I did myself and added another ten municipality studies through master-theses tutored by me, and a more quantitatively
oriented study of the choices regarding the politico-administrative design-models of the 98 municipalities in 2008. On top of that, one of my PhD-students did in-depth studies of an additional two municipalities (Nielsen 2013). All together, this leaves me a fairly accurate picture of what has taken place in the municipalities as a consequence of the Structural reform.

The quantitative study showed as depicted in Table 1 that the municipalities shortly after 2007 (the year when the Structural reform was effected) apparently had chosen a combination of different political-administrative models, confirming a picture of diversity in modelling that have been detected previously by researchers studying Danish local government organization in the 1970s, 80s and 90s and 00s (Mouritzen et. al 1993, Ejersbo 1996, 1998, Michelsen, Klausen and Pedersen 2004).

**Table 1: The total picture of ideal design-models and combined models**

<table>
<thead>
<tr>
<th>Number of combinations</th>
<th>Ideal type model elements</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>One</td>
<td>Matrix model</td>
<td>2</td>
<td>2.0</td>
</tr>
<tr>
<td></td>
<td>Decentralized business unit model</td>
<td>17</td>
<td>17.3</td>
</tr>
<tr>
<td></td>
<td>Classical bureaucracy model</td>
<td>17</td>
<td>17.3</td>
</tr>
<tr>
<td>Two</td>
<td>Decentralized/matrix</td>
<td>7</td>
<td>7.1</td>
</tr>
<tr>
<td></td>
<td>Decentralized/bureaucracy</td>
<td>29</td>
<td>29.6</td>
</tr>
<tr>
<td></td>
<td>Decentralized/contract</td>
<td>8</td>
<td>8.2</td>
</tr>
<tr>
<td>Three</td>
<td>Decentralized/bureaucracy/matrix</td>
<td>6</td>
<td>6.1</td>
</tr>
<tr>
<td></td>
<td>Citizen/contract/decentralized</td>
<td>1</td>
<td>1.0</td>
</tr>
<tr>
<td></td>
<td>Decentralized/matrix/contract</td>
<td>2</td>
<td>2.0</td>
</tr>
<tr>
<td></td>
<td>Decentralized/bureaucratic/contract</td>
<td>4</td>
<td>4.1</td>
</tr>
<tr>
<td>Missing</td>
<td></td>
<td>5</td>
<td>5.1</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>98</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Christoffersen and Klausen 2012: 80

The ideal-type models used above to detect the chosen designs that the municipalities were more or less close to, had been developed by The Association of Local Authorities (KL) to aid the municipalities in developing the design, that was to be their political and administrative system after the reform. They have the following characteristics:

- the Classical Bureaucracy model is characterized by its hierarchic, divisionalized, formalized and rule-oriented structure and steering mechanisms, and matches a political system that is
organized in sector committees, where the role of the politicians is in accordance with being issue and ombudsmand oriented. Top down processes and dynamics are dominant in this model.

- the Decentralized business unit model with a small board of directors is characterized by its flat hierarchy and decentralized autonomy to the service institutions that are defined as business units (having their own economy and indirectly competing with each others), and matched by a new political organization where the power of the sector committees is transferred to the city council, and the politicians should behave in accordance with new roles as more policy-oriented and visionary politicians. Bottom up processes and dynamics are dominant in this model.

- the Matrix model is characterized by the ordering principle of the integrated project organization and applies to any political organization. So this model is not matched by a particular ordering principle at the political level.

- the Contract model is characterized by the ordering principle of establishing contracts between the politicians and public or private agents. This model could imply that the politicians looked upon themselves as principals (as in the principal-agent theory).

- the Citizen-centred model is characterized by an ordering principle that puts the incidents where the citizen needs to get into contact with the municipal system at the centre saying that the specialists should be there when the citizen arrives (rather than that the citizen should go from one public office to another). This model is not matched by a particular ordering principle at political level.

While table 1 shows a diverse picture of the preferred design models table 2 reduce the variety by centering on whether or not the chosen models include some elements from the models – preferred combinations of elements. Then two models seems to dominate the decentralized business unit model and the classical bureaucracy model.

**Table 2: Simplified overview: number of municipalities with elements from the ideal type models**

<table>
<thead>
<tr>
<th>Model</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Citizen-centred model</td>
<td>1</td>
<td>1.1</td>
</tr>
<tr>
<td>Matrix model</td>
<td>19</td>
<td>19.4</td>
</tr>
<tr>
<td>Decentralized business model</td>
<td>74</td>
<td>78.2</td>
</tr>
<tr>
<td>Contract model</td>
<td>17</td>
<td>18.1</td>
</tr>
<tr>
<td>Classical Bureaucracy model</td>
<td>57</td>
<td>60.6</td>
</tr>
</tbody>
</table>

Source: Christoffersen and Klausen 2012: 81

Whereas the classical bureaucracy model some 20-30 years back used to be the preferred model of the Danish municipalities, the old and proven megastandard (to use Røvik’s metaphors, Røvik 1998),
there seems to have been established a new superstandard. Røvik defines an institutionalised megastandard to be characterized by being global (shared by many organizations worldwide) and by having existed for a long while, an institutionalized superstandard is also global but typically has a shorter existence. A typical megastandard would be the classical bureaucracy, whereas typical superstandards would be total quality management, business process reengineering (Røvik 1998: 23).

The decentralized business unit model as a local standard was developed in Skanderborg Municipality in the late 1980s and spread to a number of Danish local governments throughout the 1990s (to municipalities such as Varde, Christiansfelt and Birkerød). But it came as a surprise to me that it had become the dominant model after the Structural reform. Apparently close to 80 per cent of the local authorities felt inspired by and built into their design the central vision of this model which was formulated like this in 2003 by the newly elected mayor in the municipality of Bornholm: “Central steering and decentral management”, meaning that the politicians should do the steering/political leadership and leave the management/the administrative leadership to the decentral managers of the administrative system (much like the ideal of separating rowing from steering as in Osborne and Gabler 1992). The decentralized business model was very much in accord with the New Public Management and broke totally with the central ideas of the classical bureaucracy model, so Christoffersen and I chose to study this model closely by researching the municipalities of Skanderborg, Bornholm and Faaborg-Midtfyn over a number of years. These three municipalities represented the first, second and third generation of the model.

What we found, however, was that the model in its pure form only came into being for at relatively short period of time in Skanderborg, namely from 1992 until 2003, and perhaps in Bornholm from 2003 to 2005. The weak point being that the politicians – despite the fact that they had voted and decided for that particular design model – never really accepted, identified with and were capable of taking on their new politician roles. It never came into being in Faaborg-Midtfyn, and even if it was the declared and preferred strategic design that the administrative apparatus tried to put into action, what we found in all three municipalities was that it definitely stopped to work in reality around 2008.

What happened was that the fiscal crisis hit Denmark, and the government issued a policy that severely punished those local authorities that superseded their budgets and the economic agreement between the municipalities and the state.

Consequently, we have witnessed a historical turn from 2009 and onwards that broke with the actual budget practices of past decades, and this was done through centralizations, enhancing leadership hierarchies and by building in strong budget incentives not only in the state-local government relations but also between the political and administrative centres of the local authorities and their decentral institutions. In this way the actual and psychological contract of the decentralized business model was abandoned and dynamics from below blown to pieces.

The strategic redesign endeavors of these local authorities all pointed in one direction, namely in the direction of a new superstandard that we could name the corporation (an old megastandard in private firms). What we have witnessed is a similar process throughout the country in many other municipalities that had chosen the decentralized business model. Municipalities such as Hillerød and Holbæk changed their design towards the explicit idea of the corporation. In the first years of this decennium the new superstandard of the corporation is seen in the strategic designs of almost all local governments whether big such as Odense or midsized such as Slagelse. Even municipalities known for
being close to the classical bureaucratic model, such as Gladsaxe, included central elements of the corporate thinking in their managerial design. So there was a convergence of the two dominant models, the classical and the new into one: the corporation.

The strategic design of the municipality as the corporation is characterized by: a small board of directors that hold power to execute through an integrated leadership and management hierarchy stressing unity and coordination between sectors and decentralized units and having corporate policies, strategies, culture and communication. The matching role of the politicians to this design is that of the board in a private firm (a huge challenge to deal with for Danish municipalities in the years to come).

In this way we have witnessed a characteristic change in the strategic designs through which local authorities have tried to gain strategic (design) fit. I have identified three marked waves of redesign in the amalgamated municipalities. The first was the negotiated result of the merger processes that took place from 2004 to 2007. They had a number of inbuilt compromises in which it was possible neither to abandon institutions nor to fire employees. This had to be done in the second redesign wave that started in 2008/2009 which was overlapped by the third wave starting around 2009/2010 which – in the light of the fiscal crisis - bear the mark of a search for effectiveness, efficiency and radical innovation.

The concept of the corporation has been used by state agencies both in spelling and as an ideal since 1986 and in the regions since 2007 but only recently become widespread in the municipalities – the wording/the concept of corporation was considered to businesslike, whereas the ideal, however, of the integrated management system in the municipalities can be traced back to the second half of the 1990s (Klausen 2010). From the second redesign wave, the ideal of the corporation is becoming the dominant strategic design of the municipalities. It bears the signs of the hierarchy but is more executive, integrated/coordinated and flexible than the classical bureaucracy. With its execution powers, the corporation primarily is a top down-driven organization, but many municipalities (like Slagelse) tries to build in elements of the decentralized businesslike model via contracts saying that decentral strategies by each of the units should be in accordance with corporate strategies.

While the corporation seems to be the new superstandard, the hierarchy and its bureaucracy seems to be the metastandard at the backbone of this model also, because the processes of change are accompanied by recentralization, and because the corporation needs the managerial hierarchy to implement its strategies and a well-functioning bureaucracy to carry out and monitor the process in an orderly way paving the way for learning processes and efficiency gains. Strategic management is, thus, supplemented by performance management.

**Getting more from less through Recentralization, Reorganization and Innovation.**

The financial crises has caused central authorities to be very much aware of budgets and of ways to enhance efficiency and effectiveness. Thus, what we have witnessed in Denmark in general is three main tendencies – the first two, I have already adressed. The first being recentralization both in state-local government relations and in local government, the second being strategic reorganization to gain (design) fit, and the third being innovation.
So throughout the public sector there has been a growing awareness that the so-called welfare squeeze can only be met by focussing on innovation. The welfare squeeze is a result of two contradicting tendencies, namely a tendency for the public finances to narrow down and a prediction saying that there is not going to be growing budgets for a foreseeable future, coupled with a tendency of growing needs for public services caused by increased expectation about the quality and quantity of public services (e.g. demographic tendencies, better diagnoses, costlier medicine and welfare technologies). In the first years, when public agencies were starting to address the welfare squeeze, the prediction also was that there would be less employees available. Such a situation calls for the public sector to produce more with less, hence the phrase “getting more from less”. More welfare services from less human and economic resources, and since rationalization efforts had already been made and forcing employees to work harder is likely to produce demotivation, the solution at hand seemed to be “to work smarter – not harder”, that is, to encourage innovation.

Consequently, state commissions and policies have tried to promote the innovation imperative as have KL and local authorities (one such example is the co-called ”Innovationsrådet”, a council that has participants from across the public and the private sector). Numerous projects have been launched and many reports and books have been written about public service innovation over the past few years (e.g. Jensen et al eds. 2008). Ambitious innovation projects have produced both hope and results in local government. Among the latest is a comprehensive strategic effort made by Odense Kommune (Mandag Morgen 2013), and among the first were Fredericia Kommune (Klausen 2013).

In 2008, the city council of Fredericia Kommune decided to make it their policy to support an innovation strategy that had been developed by the board of directors. Over the next years, the effort was to fundamentally challenge basic assumptions about service-provision, furthermore, the politicians gave the board of directors free hands to carry through the initiative. One of the successful examples of radical welfare innovation that resulted from the processes initiated by the board is the idea of empowering the elderly to be able to take care of themselves instead of being dependent of public services. The idea was to invest in enhancing the competences of the elderly through home help training, so they could stay in charge of their own lives. The role of the municipality was to assist the elderly in obtaining competences that would diminish the use of traditional compensatory initiatives. The vision turned around basic assumptions related to both welfare and the elderly. The basic assumptions were that the elderly prefer to master their own lives as long as possible, that the welfare state is not the sole responsible entity to take care of the citizens in need, and age is not necessarily marked by weakness and limited resources. It was estimated that the municipality in 2012 had saved some 120 million DKR by this initiative. A small investment in developing the elderly had more than paid off.

Both the initiative in Fredericia and the one in Odense was a top down decision made by the board of directors, confirmed by the elected politicians and handled through a closely guided process.

**Theoretical Explanation – Government not Governance**

How can we best explain and understand this development of recentralization, reorganization and innovation. In my opinion far better through the lenses of government than through the lenses of governance. Furthermore, the developments are better understood both as functional adjustments
and intentionally deliberate decisions and as symbolic adjustments that mirror appropriate ideas of present time. But they are not coincidental actions. Since what we have witnessed are patterns they are probably not merely coincidental and random changes. But how, then, can we explain the patterns as results of deliberate decision-making and symbolic action to gain legitimacy?

First the centralization of decision-making by both the state and the local authorities and the reaction to the manifesto of the researchers can best be understood as a seemingly responsible reaction against the threat of loosing control. In times of fiscal crisis, the state had to enforce budget control, as had the local authorities, so they recentralized the authority and autonomy that had been previously given to lower levels of hierarchy (as in the decentralized business unit model). The argument would be that in times of crises it is legitimate to centralize decision-making in order to be able to act quickly and with authority (times of crises calls for temporal centralization). Similarly, the manifesto made by the scientists was felt as a critique of and a threat to central authority. In the eyes of authority networks and bottom up processes were not to be recommended, so (the power of) hierarchies beat networks.

This, however, does not explain the development in patterns of reorganization. How can we explain the choice of the many different political and administrative models that turned into two dominant models: the classical bureaucratic model and the decentralized business unit model that in turn converged towards the corporate model? These developments are best understood as a quest to achieve strategic fit, i.e. design fit. In each case there are circumstances such as historical, political and cultural path-dependencies and negotiated decisions, but the overall result was that of a fairly uniform picture of two dominant models or organizational standards. This can be explained as an example of what is called strategic equifinality. There is not one best strategic response to a particular strategic situation, there are many ways to achieve strategy fit and success, but there are not infinitely many (at first two stand out as the most appropriate, then strangely enough only one). The tendency towards convergence of the models into one, namely the corporation, then can best be understood as an example of organizational and institutional isomorphy and as an example of what we could term the “law of hierarchy”. The new superstandard of the corporation seemed appropriate to many of the decision-makers in the municipalities, because it made it possible to enforce hierarchical decisions, vertical and horizontal integration. At the backbone of the corporation there is a hierarchy and a bureaucratic system to ensure implementation by the rule. This is the homogenization and institutional isomorphic change that institutional theory would predict. It is easily argumented (as I have done elsewhere: Christoffersen and Klausen 2012: 177ff, 299ff) that the forces at play here are the coercive, mimetic and normative isomorphisms that, e.g., Di Maggio and Powell long ago (1983) proposed in explaining patterns of organizational isomorphism. When the corporation is not divisionalized (the M-shape) it takes the form of the U-shape (Chandler 1962). After the Structural reform, the municipalities all had a size with an average of 5-6000 employees, which made it difficult to handle the decentralized business unit model (as noted, this model was only functioning in reality in a short period of time in Skanderborg Municipality before the Structural reform). At any rate, the politicians and the CEO’s felt it necessary to reinforce the hierarchy in the face of the fiscal crisis. Also, the strategic efforts to innovate were top down and hierarchically driven processes.

The U-shape organization fits well with the idea of the corporation, it is in fact an old megastandard, a hybrid of the classical bureaucracy and the modern firm with corporate strategies, corporate culture,
corporate communication, corporate IT etc. It also fits very nicely with the idea of government and its quest for efficiency and accountability.

References:


