Under Organisational Pressure.

Employment Policy-making in Sweden

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Introduction

In times of globalization, national political systems and their administrations are becoming increasingly embedded in various kinds of international processes. The sovereignty of the nation state is no longer taken for granted as we today witness a growth of horizontal and multi-lateral networks between nation-states and public and private authorities (Rhodes 1997; Held 1999; Pierre & Peters 2000). Rules concerning transnational issues, in the form of binding agreements, conventions, or standards, are often negotiated and created within various international and European organisations, and these organisations shape and create the reality of national administrations by providing rules of appropriate behaviour (Barnett & Finnemore 2004; Meyer, Boli & Thomas 1994). Ideas that are picked up and embraced by strong international actors can spread and become taken for granted in wider organisational fields. These can, furthermore, be perceived of as important rules by which organisations must abide (Meyer, Boli, Thomas & Ramirez 1997). Hence, similar reforms and changes tend to be adopted within the same organisational field (Czarniawska & Joerges 1996). In addition, national representatives, together with national level civil servants from the member states as well as from international organisations, NGOs, companies and other actors, take part in complex international rule-making processes (Kohler-Koch 1996). This development suggests that national actors must cope with new demands and ideas stemming from a complex and diverse environment (March 1994).

However, Swedish welfare policy institutions are (along with the other social democratic welfare states) regarded as comparatively stable and resistant to change (North 1990; Pierson 2000a; Swank 2002). This feature is perhaps most prominent in the employment or labour market policy area, where Sweden maintains a strong self image as an international forerunner. When focusing on general indicators such as political objectives, policy programs, the level of subsidies or the formal structure of the administration during the last 10 or 15 years, only minor modifications have been undertaken (see for example Layard 1997; Wood 2001; Garsten & Jacobsson 2004). Additionally, within the governmental sphere, there is a common understanding of Sweden as a European role-model, with a somewhat meagre interest for how other countries approach employment issues (Vifell 2004; Lindvert 2006 ch.4). In fact, some of the stabilising mechanisms most frequently stressed in policy literature are in place, including a large administrative body (North 1998; Pierson 2000b), a field
surrounded by “rationalized myths” (Meyer & Rowan 1977), and policy content that is politically difficult to reduce due to its direct effects on citizens (Beck 1992; Rodrik 1998).

But, under the surface, there is also some pressure for change. First, the core objective for economic policies was altered in the early 1990s, when the Swedish government prioritized low inflation. This implied that the long-time established objective of full employment became secondary as a preparation for a membership in the EC (cf. Lindvall 2004). Second, Sweden experienced a deep recession in the 90s, which was concurrent with the highest unemployment rates the country had seen since World War II. Third, the nature of available jobs has become more diverse (more project-based, looser contracts etc) combined with a less homogenous and more individualised labour force (Hansen & Orban red. 2002; Garsten & Jacobsson red. 2004).

As aimed to be illustrated above, political institutions such as employment policies are complex phenomena with internal tensions. Here, we will provide an in-depth examination of the impact of two very different demands, which can be derived from a globalised environment, are met with similar responses. The analyses reveal that in both cases the process of integration lead to an intensified segmentation of organizing practices within the Swedish administration. The first case study examines the pressure for policy convergence as expressed in the European Employment Strategy – EES. The second empirical case focuses on the demand for increased control, auditing and transparency of national administrative practices. The first set of ideas stemming from the EES challenges Swedish employment policy-making in that European influence is seen as an illegitimate call for reform, while the second set of ideas on administrative practices seem to fit better into the national environment. Despite this, the response to both these pressures for change can be understood as a process of increased segmentation of the Swedish administration.

This paper focuses on changes in policy-making structures. These are important concerns, as there may be a close relationship between how the policy is made and who participates in this process, the content of the policy measures and how policy-making is justified by the citizens. The study looks at informal practices and rules that may be taken for granted and followed without being accompanied by any explicit directives or regulations. Theoretically the paper draws on the new institutionalism in organisational analysis. Through this perspective, the study aims to map the effects caused by the increased embeddedness of states in the
organisational environment. Such a perspective sees states as one type of organisation that interacts with other organisations - such as other states, IGOs, companies, and NGOs - within the social landscape (Ahrne 1990). Organisations are also looked upon as systems embedded in their environment. The relation of the organisation to the environment can accordingly be interdependent, whereby the organisation – in this case the state – is dependent upon events and the behaviour of other related actors within its environment. Its internal structures as well as actions are then shaped by the wider society in which the organisation resides. At the same time, the organisation also plays a role in structuring the environment itself through various types of interaction (Scott & Meyer 1994; Scott 1998). As authors of this paper, we are active within two somewhat disengaged approaches, comparative welfare research and Europeanisation research, and an additional aim is to explore to what extent this organisational framework will provide a more integrated analysis.

A point of departure for this study is that organising and decision-making are not only questions of “game playing,” such as negotiations and strategic calculations. In accordance with modern organisational theory, organisational action is also role- and identity-driven (March & Olsen 1989; Powell and Dimaggio 1991). The existence of public organisations is not only about producing public goods and services but also about being perceived as legitimate. Legitimacy is here understood to be dependent on a set of ideas, structures, processes that indicate how organisations should behave. In order to be seen as correct or legitimate actors, organisations must to fit into prevailing normative ideals (Scott & Meyer 1994). This is required to receive different kinds of resources needed for survival. Such resources include everything from technical resources and skilled labour to social acceptance (cf. Pfeffer & Salancik 1978; Oliver 1991). In neo-institutional theory, it is above all emphasised that these resources may incorporate institutionalised relations building on traditions and established norms, thereby forging a close connection to the aspect of social acceptance (Scott 1994).

Theoretically, there is a number of ways of legitimising oneself in relation to one’s environment: showing conformity with rules through adjustment, resistance, decoupling or creation of new rules (Karlsson 1991). One way of responding is to show compliance with norms and rules that determine what constitutes a proper organisation. Another response is to try to change the existing rules and modifying the prevailing logic of action into something that better suits the specific organisation. This can be seen as a form of institution building, or
as a way to redefine institutions in order to limit future demands for change. It can mainly be achieved during the process of institutionalisation (in this paper this is illustrated in the case of the EES) where patterns of action have not yet become taken for granted, or where no norm has yet been established.

The same possibility for redefinition might arise in the “institutional confusion” when two established logics of appropriate action are brought together (Oliver 1991, Jepperson 1991). When confronted with conflicting notions of legitimacy, organisations must attempt to adapt to general institutionalised ideas, and due to local circumstances they might decouple, translate or edit them to be in accordance with local practices (Meyer & Rowan 1977; Furusten 1995; Charniawska & Sevón 1996; Røvik 1998). Separating activities from each other through the strategy of decoupling is thus one of many ways in which organisations can show compliance with conflicting demands without making such contradictions visible (Meyer & Rowan 1977; Brunsson 1989). Studies indicate that, despite decoupled logics, things can slip through the built-in barriers. Decoupling can be overturned through a process of change, stemming from the situation that organisations over time may begin to identify with the presented ideal. This can arise when organisations present themselves as a particular type of organisation, are evaluated as such and interact with similar organisations. In effect, organisations can become who they have tried to show that they already were (Jacobsson 1994).

Next, the influence of the European Employment Strategy in Sweden will be investigated. The study discusses that the demands placed on the Swedish policy making are not perceived as legitimate, but still induce changes in terms of working procedures and in the longer run, norms of behaviour. In the second case study, another globalising idea will be studied, a changed rationality in the public administration. This influence is not met with the same caution; rather it is regarded as a mere administrative concern, but as we will argue, both of the organisational processes examined intensify the segmentation within the nation state.

Coping with the Brussels Employment Agenda

Sweden has now been a member of the EU for ten years, and the signs so far have shown that not only is formal EU-regulation being implemented, but it has also influenced the
organisation of national activities. In the context of the EU and the Swedish public administration, this might indicate that actors within Swedish organisations begin to think less of themselves as Swedes and more as Europeans. This may also indicate a change in attitudes about how national policy should be developed, with the EU becoming an institutionalised arena for policy development (cf. Jacobsson & Vifell 2005). Previous studies of the Swedish state administration show that the EU has, in some respects, had a quite substantial impact in terms of both altered working procedures and espoused values shared among civil servants. However, there is simultaneously a resistance to such changes in other respects, expressed in a renewed emphasis on national standpoints (Jacobsson, Laegreid, Pedersen 2004). It is thus an empirical question as to whether or not these harmonising efforts do in fact lead to a higher degree of European integration or harmonisation.

The issue of employment policy has been regarded as very much a question of national concern. The member states have considered the soft law instruments of the open method of co-ordination (OMC) as an appropriate way of co-operating at the EU-level, since it means that decision-making power remains at the national level. The European Employment Strategy (EES) involves the formulation of common guidelines at the EU-level, which are then translated into national action plans (NAP) in the member states. These plans are then audited by the European Commission, as well as by peers from other member states. In 2002, an evaluation of the EES, which coincided with a process of synchronising the employment guidelines in time with the Broad Economic Policy Guidelines (BEPG), was undertaken. It was also decided that new employment guidelines would be developed after the revision.

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2 The empirical material consists mainly of interviews with civil servants at the national level, but also individuals working within EU-level organisations. Since a sociological neo-institutionalist approach recognises that others than the formally important persons may be influential, the study also includes interviews with persons working in the periphery. The interviews are complemented by written material such as government propositions, position papers and other statements regarding the Swedish position. The study was carried out within the Govecor project. www.govecor.org.
If departing from the central mechanisms for change suggested by Harold Jacobson (2001), the prospects for any substantial adjustment ought to be small. Jacobson argues that transnational institutions, regimes and organisations are likely to have more impact on the domestic level if they are hard law, issued by a single-headed secretariat and constitute a regime or institution with high level of financial autonomy. And the EES fulfils none of these criteria. The EES is a policy instrument with other qualities. But, as Kerstin Jacobsson (2004) has argued, the open method of co-ordination serves to enhance the pressure for change through a different set of mechanisms - social or discursive regulative instruments, which foster commitment and consensus - such as persuasion, diffusion, standardisation of knowledge, strategic use of policy links and time management.

This kind of instrument is likely to create an organisational tension between the national and the European level. The Swedish government – as well as the other member states – has to take into account the fact that although employment policy-making is to remain a national concern, there are expectations from the EU that the national governments implement, or in other ways show compliance with, established rules and procedures. This is important since only those committed to the European project can be expected to have a say in the development of rules at EU-level. Thus, the central question in this case study about how the intensified relations with the European level have affected this policy field can not be treated in isolation from the question of how Swedish policy actors have acted in order to influence the EES policy process. In the following section, the Swedish actions regarding the development of the new employment guidelines of the EES and its effects on the organising of the Swedish national bureaucracy are discussed.

*Swedish participation in the EES rule-making*

In order to gain influence in EU rule-making processes, it is crucial for the national actors to be and act in certain ways. The Swedish way of organising their action illustrates some of the most important demands placed on organisations. First, it is commonly argued that it is important to act early in order to have an influence on final decisions (Ekengren 1999, Jacobsson & Vifell 2004, Pedler, & Schaefer 1996; van Schendelen 1998). By the time an issue reaches the Council level, it has already been negotiated and agreed upon at lower levels in the various committees and the Council decision formalises previous decision-making. The importance of timing has been highly recognised by the Swedish representatives Ministry of
Industry, Employment and Communications and the Ministry of Finance and has made them take part in preparatory forums such as the Employment Committee (EMCO) and the Economic Policy Committee (EPC), and to distribute so-called non-papers in advance to members of the committees, Commission officials and MEPs (Vifell 2004:11). There is an awareness of the significance of convincing other actors before views are too strongly set, and to have Swedish priorities included in the Commission’s drafts. Furthermore, informal contacts and networking with officials at DG Employment and Social Affairs are regarded as important to gain influence as well as information. In the Swedish case, such efforts benefited from the positioning of some Swedish officials within the Commission. During the period under examination, Sweden held the chair for one of the sub-groups of the EMCO, of EMCO itself and also managed to have an employee of the Ministry of Industry, Employment and Communication work within the committee secretariat. Such initiatives must be seen as important, since the EES has traditionally involved significant co-operation between member state experts and the development of new guidelines has followed this mode of co-ordination.

Furthermore, in studies of international policy processes, national standpoints are supported by showing their scientific accuracy. However, in the case of EES and its guidelines, Sweden used another kind of expertise; Sweden tried to speak from former experiences and thereby gain credibility due to its significant experience in active labour market policy and a high-level of involvement of the social partners. It was looked upon as an advantage to be able to speak from a position of competence and knowledge and this is also done in various forums. A related point to be mentioned is that the EES is closely linked to and inspired by Swedish ideas and models. There is a self image that Sweden has played an important role in the rise and content of the EES, with emphasis on the traditional Swedish ambition to combine social cohesion and economic growth (cf. CEC 2000; Margareta Winberg, then Minister of Employment, Parliament Protocol 1997/98:30; Lindvert 2006).

Also, prior research has pointed to the importance of “speaking with one voice” in different committees, and at different levels in the policy process (Jacobsson & Laegreid & Pedersen 2004). This consistency has been seen as important in order to give the impression of being a well-prepared and serious partner in various negotiations. Swedish actors have been well coordinated in this regard, without the tension traditionally perceived between the Ministry of Finance and the Ministry for Industry, Employment and Communication. The core group working on the EES consisted of no more than ten or twelve civil servants from the Unit for
Employment Policy at the Ministry of Industry, Employment and Communication and the Unit for Fiscal Policy and EMU at the Ministry of Finance and includes all the Swedish members and alternates in both the EMCO and the EPC. It is believed that the differences of opinion between the Ministry of Finance and other involved ministries are smaller than those found between Swedish national views and those of other member states – and also smaller than the internal differences in many other member states. The national co-ordination at the state level is conceived of as well-developed and working smoothly. The inter-ministerial co-ordination is also considered to have improved due to the work of the EES (Jacobsson & Vifell 2004).

*The impact on national administrative arrangements*

Having said this, there is reason to believe that Sweden has been well-organised, devoted and involved in the process, and thus has behaved as a good European. But, as mentioned earlier, there is an expected tension here, concerning the traditional structures for policy making within the nation state. This can be posed as an *organisational dilemma* where Swedish representatives, on the one hand, have to act according to the norms of EU-cooperation in order to be seen as a legitimate actor there and gain influence in European policy-making. On the other hand, closer cooperation within the EU and a stronger European influence on Swedish employment policy is considered to be a legitimate concept at the national level. If Sweden, as a member of the EU, adjusts to a European norm and accepts a specific rule, this might conflict with national opinions about what policies should be pursued. In addition, compliance with European norms risks limiting Sweden’s available strategies or room for manoeuvre in the future. The unsuccessful fulfilment of expectations about the proper way to act (according to some part of the organisational environment) might limit the possibilities to be seen as legitimate. There is also a tension between needing to address a current demand and maintaining the ability to respond to demands which may arise later on, and current actions may limit future policy options.

Empirical evidence suggests that the Swedish administration has to manage the conflicting demands of both being a “good European” and keeping EU at arm’s length. At the two relevant ministries, there were only a few civil servants working within a single unit that handled EES issues. This unit was not closely linked to other units at the same ministry, whose work is related to national employment policy. The spread of, and knowledge about,
the EES was very limited within the Swedish state administration, even among the executive agencies and other departments within the involved ministries (Jacobsson & Vifell 2004; 2006; Vifell 2006; Lindvert 2006). The Labour Market Board (AMS)\(^5\), sub-national actors and social partners have, by and large, been excluded from the national co-ordination process since they only have been invited to comment on already written Swedish standpoints (as opposed to being involved in the policy formulation stage) (Jacobsson & Vifell 2004).\(^6\) This suggests that such interaction is more a channel for one-way communication and information from the government than actual co-ordination of views and debates on policy. Through this decoupling of activities, separate parts of the organisation can be displayed to different parts of the environment and respond according to opposing norms of how the organisation should behave.

The main argument on the part of the government for the weak involvement of other actors has been that employment policy is still a purely national concern. The EU-level guidelines were described as nothing more than the established Swedish view, thereby denying that the EES was a cause or a pressure for change. However the political opposition, as well as the social partners, have commented on the fact that they do not believe the government takes the EES seriously enough. One view is that national policy could be improved by following the EU-rules more wholeheartedly. For instance, the non-socialist opposition used the recommendation on lowering taxes on labour in their appeal for tax cuts every year that Sweden received the specific recommendation.

There is also evidence for a decoupling of EU-rhetoric and national practices, even when they go hand-in-hand. Sweden actively follows the rules of the EES in writing NAPs, receiving recommendations and networking at the EU-level (i.e. Sweden follows the procedural requirements). This shows Sweden to be a legitimate, European player with the ability and right to participate as a relevant partner in negotiations for the new EU employment guidelines. Yet, there is no mention of the EES and the EU when employment policy measures are undertaken at the national level. For instance, when the EU-recommendation for

\(^5\) This is the executive agency responsible for the implementation of national employment policy and an important actor in the national policy process.

\(^6\) Sweden has in the case of the guidelines tried to show compliance with these ideals by letting the social partners comment on the Swedish position and the commission proposal on the guidelines. However these discussions were undertaken at such a late stage in the process that the relevant documents are already decided upon and not subject to change (Vifell 2004:15).
improving integration of immigrants into the labour market was followed by an instruction to the Labour Market Board in the government approval document to look into these issues, there was no reference to the EES. Instead, the idea was presented as a Swedish initiative. One explanation for this is that it is not seen as legitimate to implement policy measures concerning employment that stem from the EU, at the same time it is important to claim that policy is already in agreement with all EU rules, and that the policy area is solely of national concern. The decoupling of presentation and actions makes it possible to satisfy seemingly incompatible demands at the national and EU-level and allow Swedish actors room for manoeuvre in both contexts.

But there were not only efforts made to decouple practices, but also to translate some of the general ideas of the EES into a Swedish version so that different meanings can be used on different arenas. For example the central concept employability has in other national contexts come to signal an increase in risk-taking, adjustability toward the company’s demands and a political ambition to create more and not necessarily better jobs (Raveaud 2001, Jacobsson & Garsten 2004). Among Swedish policy actors, there is a discursive resistance to such neo-liberal connotations. Associations suitable to the Swedish discourse were instead emphasised; an old motto among employment offices about their responsibility “to equip the individual for labour market” was revived, where the state is understood to be a responsible provider of social security and labour market training. Or as one of Senior Administrative Officer puts it: ”Employability? What is new with that? It is the same term as Allan Larsson7 used when he was General Director in the Labour Market Administration [during the 1980s, authors’ comment].”

The organisational development described above, where only some parts of the administration were involved in the process, might increase the segmentation of the public administration, where some parts handle rule-making processes and negotiations within various international and European organisations, while others do not (Jacobsson, Laegreid & Pedersen 2001). Having to cope with different kinds of demands, and legitimising themselves within a different type of environment, might mean, in turn, prioritising different values, having different contacts and working in different ways. Such re-configurations can be described as enclaves, which in practice are disconnected from the organisational units to which they

7 Allan Larsson was also the General Director at DG V Employment during 1995-2000.
formally belong (ministries, agencies etc), and instead take part in European and international processes together with actors from other organisations with which they have much closer relations. Hence, these closely coordinated groups have limited contacts with other parts of the Swedish administration, making them enclaves in the Swedish state where different working procedures prevails and the formal procedures of the Swedish administration are by-passed. In these policy networks – or enclaves – policy makers and experts formally or informally come together and exchange ideas about how to handle new policy measures. This occurs at the same time that the national government claims that nothing has changed because of the EES. All in all this can lead to a bypassing of formal structures, which limits the transparency of the policy process and the possibility of holding anyone accountable for the decisions taken.

Redefined identities

The decoupling of actions at the European level and presentation at the national level seems to be challenged by the processes of institutionalisation and socialisation among the civil servants in the core national group. It seems to become increasingly legitimate to pick up ideas from other member states. The interaction within EMCO, where arguments are always presented as national standpoints, seems to have made the standpoints themselves more reflexive (Jacobsson & Vifell 2005). And although Sweden was quite certain in the beginning that there was not much to be learned from the other member states that would be able to improve or change Swedish employment policy, there seems to have been a change in this self-perception. The networking between central actors in the national policy processes has given rise to exchanges of ideas. Participation in bench-marking and NAP-production, where national ideas are presented in light of the common challenges identified and discussed in the committee, has in some respects disproved the notion of that the EES has little or no relevance to Sweden. The co-operation and close interaction between employment policy experts in the member states and at the Commission have facilitated informal contacts and exchanges of ideas and best practices, as well as fostered a consciousness of shared problems and challenges. In this way, new ideas may be picked up, developed and transferred within the EU-networks and contribute changes at the national level. It also seems increasingly legitimate to receive criticisms and suggestions on national policy choices through this intense interaction; a socialisation has taken place (Jacobsson & Vifell 2005). This means that Swedish policy is now partly being created elsewhere, where all involved actors do not have
access. In line with the argument of previous studies in the field, national positions seems to a great extent to be developed in the process of partaking in negotiations and deliberations with other state-, and non-state actors within an international context (Finnemore 1991, Jacobsson, Laegreid & Pedersen 2004). Positions are not something that are completely pre-negotiated and 'brought in a suitcase' to Brussels or Washington. This has arguably started a process of identity-transformation.

Furthermore, there are indications that the decoupled arrangement might be challenged by pressure from the local level. Although local actors have been excluded from influencing the guideline process, they have been encouraged and supported by the Commission to write Local Action Plans (LAPs). This has connected them to the EU-level and facilitated participation in conferences and meetings with other local and regional actors from around Europe. For instance, some municipalities have been connected to the organisation Eurocities, which works to strengthen the local dimension in the EU. Eurocities has, among other things, encouraged its members to produce the aforementioned LAPs. Such contacts between actors in different countries are considered to be valuable. And financial resources have been allocated to the sub-national level through the Commission programme “Acting Locally for Employment”. The exchange of experiences, which is perceived as a valuable source for finding help and ideas to handle concrete problems in municipalities, between local actors around Europe means that ideas can be transferred directly from other cities or municipalities without involving higher levels of the organisation. However in order for these resources to become available change in the self-perception of the involved actors is required. Since the state level had excluded the local actors from the EU-level process, the recognition of a learning potential had to come about in order for sub-national actors to become aware that such resources were available. A possible redefinition of identities, which may lead to new patterns of action, seems to be taking place.

An audit administrative model gains ground

The discussion in the previous case indicates, among other things, that there is a firm and well-developed discursive resistance among Swedish employment policy actors vis-à-vis ideas and influences from the international level. In regards to the EES, it is regularly argued that Sweden has more developed employment policy than most other countries in Europe. Another similar argument is that the EES contains few new ideas. Yet another strategy (when
the pressure for change is not that easily dismissed), is to translate some of the general ideas of the EES into a Swedish version so that different meanings can be used on different arenas.

There is reason to believe that such discursive resistance has been possible partly because the efficiency of Swedish labour market policy for has long been taken for granted. As mentioned in the introduction, there is a rationalised myth regarding the efficiency within this area of politics, or as put by an influential Swedish economist: “there is a nostalgic belief in traditional labour market policy that hardly is removed by rational arguments.” (Lars Calmfors *Dagens Nyheter*, July 19th 1995). But as we argue, this image is no longer as evident because of growing internal inconsistencies in the administration.

In this second case study, we devote attention to the influence of another set of globalising ideas, a changed rationality logic in the management of the administration. This new administrative rationality is here understood as a pressure that is neither as widely acknowledged, nor as direct as the pressure of the EES. But when it comes down to it, we argue that the influx of these new stricter administrative rationalities might reduce room for more multifaceted and long term policy-making, and – as in the first case – intensify the segmentation within the nation state.

**A new administrative ideal**

There is a general awareness among public actors and social scientists in Western countries that the national bureaucracies are under administrative pressure. The bureaucracy has witnessed a “growth to its limits of governmental commitments” and increased problems in regards to efficiency as well as the legal security of the individual (Pierson 2001:83; Hood et al 1999; Peters 2001). Over the last fifteen years, innumerable models for administrative restructuring have been launched (for a recent comparative evaluation of such attempts, see OECD 2005). In many cases, the models have been inspired by the New Public Management School and its market-orientated forms of coordination and control, as well as the understanding that policy objectives should be determined and evaluated according to results, preferably in the form of statistics and indicators (Hood 1991; Rhodes 1996; Hood et al 1999; Christensen & Lægreid 2002).

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8 The empirical material covers the administrative turn in the Swedish labour market bureaucracy and its related institutions since the beginning of the 1990s. This second case study builds on long interviews with approx. 35 national policy actors, official documents, media archives, governmental records and secondary literature.
The local Swedish version is most explicitly pronounced in the rationalistic steering model “management by results”, that has today a major influence on the public administration. The model is based on the assumption of a strict division between politics and administration; that politicians should be able to formulate clear and measurable goals that can be deconstructed into sub-goals and specific measures for public servants who should decide on the means. Public servants are understood to be neutral, well-informed rational agents that understand the effects of their performance and can give adequate feedback for future policy-making (Sundström 2003:366ff). Also, these rationalities have been supported by the recent political drive for transparency and accountability (for a general discussion, see Power 1997; Strathern 2000; Garsten & Lindh de Montoya 2004; Thedvall 2006). As we will argue, there is reason to suggest that the administrative rationality now is in place within the field of employment. This audit model, as we chose to label it, stresses the relevance of providing a rational allocation of responsibilities within public organisations, and encourages administrative arrangements to be more visible to external spectators.

Starting off by tracing the historical origin of the administrative model used within the Swedish labour market policy, several versions have over the years been introduced. For long time, these administrative proposals had little influence on practices within the labour market administration. As long as the Swedish corporate interests were in charge of the employment policy agenda and the administrative arrangements within the labour market administration were regarded as well-coordinated, they were put on hold. But when the malfunctioning of the whole administrative machinery was revealed in the wake of the decentralising failures of the 1990s, a window of opportunity was created. By the time that the standard practices within the labour market administration became heavily criticised by auditing authorities, and the influential corporate actors more or less had left the stage, there was an organisational space to be filled.²

² During the tough years in the mid 1990s, no better solution was found than to decentralize the level of authority within the Labour market administration. These attempts were heavily criticized for not being well managed, but also revealed major general problems in the organisation in regard of follow-ups, planning, and unclear relations of accountability between levels of authority. The critical auditing services were Riksrevisionsverket (The National Audit Office), Riksdagens revisorer (The Parliament Auditors), Statskontoret (The Swedish Agency for Public Management), Ekonomistyrningsverket (The Swedish National Financial Management Authority).
The audit model is today widely supported by Swedish public actors and economists within the employment field (Arbetsmarknadspolitik i förändring 1998:89; Gov. bill 199/2000:98; Parliamentary Auditors 2002:03:2; The Labour Market Board Statement on the Report of the Parliamentary Auditors 021220; The National Board of Public Management 2000; Zetterberg 1997). The support is illustrated by a strong demand for follow-ups, planning and control, quantified objectives, simplified regulation, fewer programs, and an ambition to stick to essential, core undertakings such as guidance and matching (cf. Gov bill 1999/2000:98). Ranking, indicators and benchmarking are regarded as valuable instruments that should be applied. “Good goals” are those that are measurable, controllable and where the “degree of fulfilment of objectives is not possible to manipulate” (cf. Parliamentary Auditors 2002:03:2 p. 68).

Administrative implications: Now and then

A crucial difference between the old corporatist and the new audit rationality is how objectives and means are understood in relation to each other. In the audit model, it is essential to formulate comprehensible and measurable goals that can be deconstructed into sub-goals and specific measures. Today, this objective is highly valued among Swedish authorities. Conflicting objects are understood to make politics less efficient, or as put in a recent report from the Swedish Parliamentary Auditors: “one of the more serious problems in labour market policies” and they estimate that there are at least 4-5 levels of objectives and 15-20 objectives, and concludes that it “is not possible to determine the exact number of levels and objectives since there is a number of tasks that are framed in terms of objective-alike character.”(Parliamentary Auditors 2002/03:2 p.36).

The corporatist model is, on the other hand, less oriented towards how general objectives should be operationalised into specific measures. There is reason to believe that such vagueness was not necessarily regarded as a problem. The traditional corporate labour market model was based on the combined policy ambitions of economic growth and social security.11

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10 To take an extreme example of the trust in numbers, in January 2001 the Labour Market Board issued a statement that they, by November 2001 had accomplished 62 out of 110 objectives set for that year, and that they had realized 3 of 5 overall goals, which on the whole should be regarded as a major improvement (The Labour Market Boards’ Statement to the Parliamentary Auditors 020120).

11 The Swedish labour market policy as part of broad economic policy was expressed most clearly in the political and economic action programme developed from the end of the 1940s onwards by the LO economists Gösta Rehn and Rudolf Meidner, at the initiative of the various parties in the labour market, and the Swedish Social
The Head of the Labour Market Unit within the Ministry of Industry, Employment and Communication explains that this approach implies some sort of *balancing over time*. He describes the essence of the model as follows: “it means that you have to compromise on one objective to make room for the other, but the main belief is that politics as a whole is benefited.” (Personal interview, Autumn 2003). It is also important to keep in mind that labour market policy was for many years regarded as an exceptionally delicate domain by government authorities. Unconventional administrative arrangements were legitimised, partly due to the need to rapidly fine tune employment policy measures in order to keep up with economic fluctuations. Within such arrangements, the corporatist authorities had more extensive discretion (without too much transparency) than political actors within many other policy domains (Rothstein 1992, Öberg 1994).¹²

Rather than being perceived as a problem, it is likely that the lack of correspondence between overall goals and specific measures, was even regarded as a *precondition* for policy-making, since it provided the necessary room for manoeuvre. Organisational scholars use the terms *seal off* or *closed-system strategies* to describe similar behaviour of organisations in institutionalised environments. This is a way to escape overly detailed regulations and auditing in order to maintain efficiency (Thompson 1967; Meyer & Rowan 1977:358; Brunsson 1989). In such arrangements, it is central *not* to bind oneself to one single solution or one political goal, in order to sustain “the power of decision” (Peters 2001:235). Also, the idea among neo-institutional scholars that organisations are benefited by a loosely coupled organisational structure, to be able to meet conflicting demands (Meyer & Rowan 1983:60f), has a parallel in the smorgasbord of labour market policy aims. The multitude of objectives was central in maintaining support form actors with disparate interests. By the use of such general, umbrella objectives, the central actors involved could use such opaque regulative arrangement to emphasis the elements they thought best would satisfy the interest groups they represented.¹³

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¹² The arrangement has also been regarded as a means to avoid strikes and to ameliorate the channels for information and specific knowledge about conditions in specific branches.

¹³ Similarly, the success of the Swedish gender policies was benefited by the careful use of the concept for gender equality (jämställdhet). It was “vague enough” to be accepted by many actors (Lindvert 2004:281).
The new administrative model contains, as previously discussed, strong incentives to frame policies so that they can be deconstructed vertically (between politicians and administrators sector-wise) into relevant statistics. Such measurable undertakings might also be valuable sources of political legitimacy, since they invite external spectators (including citizens) to take part in politics as an auditor; the individual can evaluate the achievements of the authorities in light of their postulated objectives. However, a politics of *measurable effects* is not necessarily the same as a *politics of desirable effects*. Such fixed promises (often for a number of years) may limit the discretion of political actors over time, something that does not necessarily benefit the policy-making process as a whole; alternative instruments might later appear as more efficient, but then risk being rejected due to the political delicacy of abandoning previously set measures. The serious implications of such matters are confirmed by an Under-Secretary of State of the Ministry of Industry, Employment and Communication who states that: “some statistical curves should always decrease and some curves are instead supposed to be high enough. There is a risk of focusing too much on the statistics, and what might follow is that one easily becomes interested in getting individuals into programs to show good statistics, when it in fact might be more efficient to do something else, for example more emphasis on job matching.”(Personal interview, spring 2003).

Furthermore, the audit rationalities provide little room for horizontal initiatives (cooperation between units within separate policy sectors), since they seldom can be conceptualised sector-wise and because they require vertical reporting. Additionally, the stricter vertical control system is likely to create an increased anxiety about making mistakes thus discouraging experimentation. A Head of Unit within the Labour Market Administration describes his approach to cooperating initiatives this way: “Cooperation to us, that is to do what we are best at doing”, and continues: “now we have a very explicit regulating on what to do and not do… and we have had a lot of “slap on the wriest” from the Government Offices, The Parliamentary Auditors and The National Audit Office, because we have not played strictly by the book. We have slipped a bit. That is why one of our new guide-lines is order and method in our internal affairs.”(Personal interview 2003). An increased segmentation seems to be a general tendency within the Swedish public administration today. Swedish scholars point today to the fact that the public agencies’ organisational identity has increased, suggesting that they “look after their own house, and forget about the larger organisation “the
As many other findings in the social sciences, the risk of administrative procedures overshadowing the political commitments, is not a new one. Already in 1940, Robert Merton wrote in a classic article how the civil servants were so occupied by the organisational procedures that the rule-following soon became the overall goal for the administration (Merton 1940).

When comparing these internal rationalities with the change resistant external image of Swedish employment politics presented earlier, decoupling practices again stand out as dominant. So, then what are the future prospects for such tension between new internal practices, on the one hand, and external “business as usual”, on the other, with messy, vague conflicting policy ambitions still in place? Returning to the organisational analysis, we have reason to believe that the decoupled arrangements today rest on a rather shaky foundation. A precondition for maintaining decoupled arrangements is that the external and internal instruments of evaluation are held separate, so as not to reveal the inconstancies (Meyer & Rowan 1977:358; Brunson 1989). And when applying this theoretical framework on the employment field, it is no longer evident that the instruments of evaluation are permitted to remain apart, as we today witness an increased focus on transparency, political accountability and external demands for procedural efficiency.

All in all, whatever administrative model is preferred, it also remains central to take an interest in the further democratic implications of any of these approaches. In regards to previous administrative arrangements, we may appreciate the “success story” of the Swedish labour market model and its core objectives of uniting economic growth and social security, an arrangement that arguably would not be supported by the administrative rationalities of today (if taking the resistance towards conflicting objectives seriously). But at the same time, this model has a substantial democratic deficit in regards to lack of transparency and procedural accountability. The audit model, on the other hand, is strong in this latter sense, as it encourages citizens to evaluate politics, and as it stimulates policy-makers to focus on how to do politics the right way. But, as we have argue here, it confines the policy actors’ room for maneuver, there is today little space for actors to elaborate on multi-faceted and long-term policy-making, or on what the responsible authorities think are the right policies.

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14 In a report commissioned by the Ministry of Industry, Employment and Communications it is admitted that quantified objectives tend to be given priority, since they are easy to follow up (Ds 2000:38 p. 97).
Conclusions

A somewhat surprising result of the study is that coping with integrative or harmonising international standards seem to be followed by an increased segmentation *within* national administrative practices. Or in other words, the integrative policy processes that are put in place to remove some institutional barriers seem to give rise to new ones. In the case of the EES, European policy making is insulated from national policy, and in the case of the audit model, stricter demands for accountability make actors more inclined to do only what they are told, and “look after their own house”.

According to the applied theoretical perspective, the explanation for this intriguing result is that in order to satisfy incompatible demands, activities are organisationally arranged to create room for manoeuvre for the administration. As in the first case, Sweden can not both be part of the European cooperation and keep Swedish employment policy free from international influences. Hence, a prerequisite for maintaining the Swedish model at the same time as maintaining legitimacy at the EU-level, is that “Swedish” and “European” policy-making are separated and insulated from each other. In the second case, the instruments for evaluating internal auditing activities and the messy, vague combined policy ambitions have so far been decoupled, to prevent inconsistencies from being revealed and to maintain the legitimacy of the organisational practices.

The strategy of decoupling still seems to be challenged over time. The first case study revealed that the decoupled structures were likely to be circumvented when ideas from the organisational environment were picked up at lower administrative levels, which changed their behaviour in accordance with these demands. This can give rise to a situation where organisational change is brought about from below, although the management of the organisation had intended to change only presentation, and keep practice according to 'business-as-usual'. The socialisation of the Swedish participants in exchanges of best practices, networking and negotiations within the EU-structure also changed their perceptions of the EU as a more legitimate source of policy ideas. As put by Scott and Meyer: “Normative rules exist in the expectations that others have for our behaviour; and they also often become internalised through socialisation processes so that they exist in the expectations that we hold for our own behaviour, in our self-identity.”(Scott & Meyer 1994:63). In the second case there are indications that the decoupled activities are today more difficult to disengage from each
other, due to the very fact that we witness an increased focus on transparency, political accountability and external demands for procedural efficiency. A lack of acceptance of opacity and discretion implies that the “conflicting goals” or the “combined ambitions of the Swedish labour market model” is no longer likely to be part of the policy repertoire.

This leads us to another important conclusion; the way the Swedish administration manages conflicting demands has led to a situation where changed practices have not been met by corresponding changes in the formal administrative organisation, thus blurring roles and responsibilities in the democratic process. Therefore, this analysis is also important in that it sheds light on further consequences of the demands the wider environment places on national state administrations. And finally, international ideas and norms about appropriate structures, policies and reforms are today perceived as important by national policy makers and administrators, and which consequently requires a response. Demands stemming from the environment beyond the national level cannot be ignored and may have substantial impact on activities – albeit not always those that are expected.
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