

BARGAINS AND MANAGEMENT BY OBJECTIVES

On political steering, civil servant influence and
public procurement in the City of Stockholm

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Abstract

Title: Bargains and Management by Objectives: On political steering, civil servant influence and public procurement in the City of Stockholm.

Background: Much research on NPM has been devoted to understanding and explaining the worldwide diffusion of NPM reforms. Less attention has been directed towards analysing the impact of NPM reforms on the internal logic of the public administration or its relationship with its political masters. Using the concept of PSB as a theoretical framework enables an additional interpretation of the relation.

Research Question: How does bargains between politicians and civil servants, working with procurement, affect Management by Objectives?

Aim: The aim of this study is to shed light on how the relationship between politicians and civil servants, working with public procurement, affects MBO. The concept of NPM, which has influenced public management in Sweden, is based on a principal-agent assumption but in this study we investigate if the concept of PSB may offer a more nuanced way to interpret and understand the relationship.

Method: A qualitative case study performed through eleven semi-structured interviews with ten civil servants and one politician in the City of Stockholm.

Conclusion: The PSB concept (Hood, 2000b) nuances the perspectives and the use of formal managerial tools in a principal-agent relation, highlighting instead the cooperation and bargains between politicians and civil servants. Through sharing competence and loyalty, the civil servants are able to substantially influence political decision-making, thus in practice relaxing the strong principal-agent assumption.

Keywords: PSB, Public Service Bargains, NPM, Procurement, Public Administration

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1. Introductory chapter

1.1. Introduction

Within a representative democracy it is assumed that the power to decide, as well as the responsibility for decision-making, resides with the elected representatives. Since the public sector is charged with providing a wide variety of services to the society, decisions covers fields as diverse as healthcare, education, infrastructure and public transport. A significant number of these services are purchased through public procurement, which is an approach associated with ideological convictions and, in some areas, political controversy. Nonetheless, public sector decisions and operations are expected to be in line with the politics of the ruling majority because they represent the majority of the citizens. The concept of New Public Management (NPM) has strongly influenced contemporary public management reforms but concerns have been raised regarding the inherent paradox between centralising and decentralising forces within the concept (Christensen & Lægreid, 2001). Characteristics such as division of labour between politicians and administration (Gruening, 2001) suggest an organisational structure that enables a great amount of civil servant influence but by the use of management techniques such as Management by Objectives (MBO) politicians are able to govern the public sector by setting goals (Pollitt & Bouckaert, 2011, p. 168), thus maintaining both decision-power and responsibility. In contrast to this, Hood and Lodge (2006, pp. 6-7) describe the relationship between politicians and civil servants as Public Service Bargains (PBS) where the parties reach explicit and implicit agreements and in the process are willing to give up certain rights in order to gain other advantages. We suggest that this conflicts with the assumption of political decision-making authority and that these bargains are likely to affect the MBO. Thus, the aim of our study is to investigate the relationship between politicians and civil servants with procurement responsibilities, seeking to understand how political steering takes place and how civil servants are able to influence the steering.

In the remainder of the chapter we discuss the problem at hand in greater detail, summarising what has been said in previous research and identifying areas of concern motivating our study. This leads to our research question and the chapter is concluded with some further remarks concerning the aim of our study and our research approach.

1.2. Problem background

Over the last decades NPM have strongly influenced public management reforms in many countries including Sweden, both at state level (Pollitt & Bouckaert, 2011, pp. 309-310) and at municipal level (Almqvist, 2006). Inspired by private sector management techniques of performance criteria and practices (Lapsley, 2009), NPM is often associated with features such as decentralisation, separation of politics and administration, competition, and privatisation of services (Gruening, 2001). Proponents have argued that these reforms will lead to an improved public sector that is more efficient and cost-effective (Premfors, 1998). Implications of these reforms include observations of an increasing number of activities put out to tender, with the public sector acting as purchaser, and the emergence of quasi-markets (Almqvist, 2001). However, the pressure for decentralisation and professionalization has not affected the fact that politicians should ultimately be responsible for the provision of services to the public and for managing the public service administration (Molander, Nilsson & Schick, 2002, p. 6). One way for politicians to do so is by using the management technique of Management by Objectives (MBO), conceptualised by Peter Drucker in the 1950s (Greenwood, 1981), since it promotes effectiveness, decentralisation and accountability (Holmblad Brunsson, 2002), corresponding to the ideas of NPM.

Extensive research on NPM has been devoted to understand and explain the worldwide diffusion of NPM reforms and comparing developments of reform policies in different countries (Eymeri-Douzans & Pierre, 2011, p. 2). Less attention has been directed towards analysing the impact of NPM reforms on the internal logic of the public administration or its relationship with its political masters (ibid). In research that does look into this matter, we find that the theoretical origin of the concept is of importance. According to Hood (1991), the origin is a marriage between two streams of ideas. The first, New Institutional Economics, is developed from rational choice theory, transaction cost theory and principal-agent theory, and the second, business-type managerialism, is based on ideas of professional management. It has been observed that this dual origin creates a paradox between centralisation and decentralisation within the NPM concept and concerns have been raised that this paradox may create distrust between politicians and civil servants by aggravating political control over the administration and weaken professionalism and personal responsibility of civil servants (Christensen & Lægreid, 2001).

Parallel to the movement towards a managerial and decentralised public administration, there has been another, less discussed, strand of research focusing on the power relation between politicians and professional administrators, conceptualised as Public Service Bargains (PSB). Introduced by Schaffer (1973) and further developed by Hood (2000a; 2000b) and Hood and Lodge (2006), the concept can be used “...as a tool for comparison and analysis of public service systems” (Hood, 2000b, p. 180). Hood and Lodge define the term as “...explicit or implicit agreements between public servants [...] and those they serve.” (Hood & Lodge, 2006, p. 6), and suggest that PSB can be understood as the product of some sort of equilibrium among the parties involved. It is based on the idea that politicians gain some degree of loyalty and competence from civil servants, and civil servants gain a place in the government structure, responsibilities and also rewards (Hondegheem & Steen, 2013).

1.3. Problem discussion

The early academic debates on NPM focused on how to give more authority to civil servant managers, although within a performance framework enabling evaluation and incentives, while saying very little of the role of politicians, who were left with a strategic role of setting broad goals (Pollitt & Bouckaert, 2011, pp. 168-169). Even so, politicians have come into focus when critics, from both academia as well as the society at large, have targeted NPMs result-oriented management techniques as reasons for failures in the public sector (Almqvist, Catasús & Wällstedt, 2014). It has been questioned whether performance measurements are appropriate for evaluating more complex services such as healthcare but, as Hondegheem and Van Dorpe (2013) note, one must be aware that the chosen performance management system has an impact on political-administrative relationships. If we look at the NPM concept’s roots in the principal-agent theory, self-interest is assumed to be the agents’ greatest driving force. Thus, performance measurements are seen as means for the principal to refute unwanted negative behaviour (ibid). Furthermore, it has been pointed out that politicians and civil servants may have very different incentives motivating them, such as the wish for political ideas to impact society for the former and a desire for professional quality and development for the latter (SKL, 2012, p. 34), which may further consolidate the principal-agent assumption and explain the popularity of MBO. Christensen and Lægveid (2001) suggest that the more separated through decentralisation the civil servants are from the political leadership, the relatively more important may other decision signals become, such as professional norms, as well as user and customer interests. They claim that the price for more decentralisation is more rigid

control systems that may in turn, as briefly touched upon in the previous section, create mistrust and weaken professionalism (Christensen & Lægreid, 2001).

However, PSB's viewpoint of the relationship as explicit and implicit bargains between politicians and civil servants, at least partially, contradicts the principal-agent assumption of different self-interests. If both parties are willing to give up certain rights in order to gain other advantages, it suggests that the principle-agent assumption may need to be considered in a more nuanced way. Furthermore, PSB also implies that civil servants have the possibility to strongly influence public sector services through said bargains, perhaps even to such extent as to influence the MBO, the tool by which politicians manage civil servants.

1.4. Problem formulation

Given the discussion above we believe that studying the relationship between politicians and civil servant procurers, using PSB as a theoretical framework, may be one way to broaden the understanding of challenges in public sector management. Hence, our research question is as follows:

- How does bargains between politicians and civil servants, working with procurement, affect Management by Objectives?

1.5. Aim

The aim of this study is to shed light on how the relationship between politicians and civil servants, working with public procurement, affects MBO. The concept of NPM, which has influenced public management in Sweden, is based on a principal-agent assumption but in this study we investigate if the concept of PSB may offer a more nuanced way to interpret and understand the relationship. To the best of our knowledge, PSB has just briefly been applied to a Swedish setting, and then not at a municipal level, thus our research contributes to the field of PSB. We also provide insights to the field of public administration by examining intra-organisational relationships where the civil servants are found at both central and local level within the organisational structure.

1.6. Research approach

To answer our research question, we have conducted a qualitative case study in the City of Stockholm. To ascertain that our respondents have experienced reforms influenced by NPM ideas, we have chosen to interview ten civil servants working with public procurement, since procurement is advocated by, and strongly associated with NPM. We have also performed one interview with a politician that were able to provide us with another perspective on the matters at hand.

2. Literature review

The outline of this chapter is as follows; we start off with a brief review of the basis of the NPM concept; its emergence, its attributes, and its theoretical roots. Then follows a section where we investigate the focus of previous research as well as highlight findings on MBO and procurement relevant to our study. After that, building on the information from the first two sections, we discuss gaps and limitations of the previous literature. Two sections, where we address ideas and previous research within the field of PSB and a theoretical framework based on the PSB concept, conclude the chapter.

2.1. NPM – Emergence, acknowledged attributes and origin

The modern pervasive changes in public management can be traced back to the 1970s when crisis struck the economy and public spending in the western welfare states soared. A new way of public management developed during the 1980s, a transitional way of public administration that called for budgetary control reforms (Premfors, 1998) and “...a movement to ‘let managers manage’...” (Hood, 2000a). In the 1990s, a shift towards a management state led to the use of a new vocabulary. Clients became customers and the public sector was now considered a market, or at least a quasi-market, that could be privatised. The ideal of ‘making managers manage’ was fuelled by incentives, decentralised decision making and a political demand for measurable results (Premfors, 1998). Only later, during the 1990s, were the common characteristics of the administrative reforms during these decades identified by academics and organised under the label New Public Management (Gruening, 2001; Hood, 1991). Since then, the concept of NPM has been widely debated in both academia and in society at large. We will shortly take a closer look at these debates but first we believe that a short recapitulation of what NPM advocates might be in order.

Capturing the essence of the concept appears somewhat of a challenge in itself, as it is often described as rather loose and multifaceted. Given the diverse elements that it embraces, it has been described as a kind of “shopping basket” for reformers of public administration (Christensen & Lægreid, 2001), with a purpose “to make government more efficient and ‘consumer-responsive’ by injecting business like methods” (Pollitt & Bouckaert, 2011, p. 22).

Gruening (2001) offers a helping hand by juxtaposing common attributes of the concept that the academic literature has identified. His compilation is presented in table 1.

Table 1. Characteristics of NPM (Gruening 2001)

| Undisputed characteristics (identified by most observers) | Debatable attributes (identified by some, but not all, observers) |
|--|--|
| Budget cuts | Legal, budget, and spending constraints |
| Vouchers | Rationalization of jurisdictions |
| Accountability for performance | Policy analysis and evaluation |
| Performance auditing | Improved regulation |
| Privatization | Rationalization or streamlining of administrative structures |
| Customers (one-stop shops, case management) | Democratization and citizen participation |
| Decentralization | |
| Strategic planning and management | |
| Separation of provision and production | |
| Competition | |
| Performance measurement | |
| Changed management style | |
| Contracting out | |
| Freedom to manage (flexibility) | |
| Improved accounting | |
| Personnel management (incentives) | |
| User charges | |
| Separation of politics and administration | |
| Improved financial management | |
| More use of information technology | |

We also find it necessary to briefly touch upon what has been said about the theoretical origin of NPM. In his famous article from 1991, Hood argues that the origin of the concept is a marriage between two different streams of ideas. The first, which he refers to as ‘New Institutional Economics’ (also denoted ‘Economic Organization Theory’ by Christensen and Læg Reid, 2001) is described as developed from public choice theory, transaction cost theory and principal-agent theory. This stream is said to have generated a set of administrative reform doctrines built on ideas of contestability, user choice, transparency and a close concentration on incentive structure (Hood, 1991). The second stream, identified by Hood as business-type ‘managerialism’, is said to have generated a set of administrative reform doctrine based on ideas of ‘professional management’, of expertise as something portable, and a requirement of high discretionary power (ibid). Many scholars agree with Hood’s arguments but they have also been questioned. Gruening (2001), for example, suggests a number of additional theoretical influences and origins, deeming Hood’s arguments incomplete, and Haque (2007), in a reflection over an apparent lack of a coherent analytical framework for the NPM concept, finds it

odd that Hood barely relates these theoretical sources to the set of common attributes that are the centre of his article¹. But this is neither the time nor the place to go further into an in-depth analysis of the debate concerning the origin. Instead we use this information as a basis and move forward in our literature study.

2.2. Focus and findings in previous studies

To review and summarise the research on NPM is a challenging task, both because of the sheer size of the academic field and the number of years it has been debated. To outline some general trends and areas of concern in previous studies, we choose to, to some extent, rely on observations made by other scholars. For example, Gervais (2011, p. 80) notes that a large part of the previous research in this field have relied heavily on comparative studies with the aim of classifying different countries into patterns and families, such as ‘the Anglo-American model’ or ‘the Scandinavian model’. Eymeri-Douzans & Pierre (2011, p. 2) explains that the aim of much research is to understand and explain the worldwide expansion of NPM. At this, for lack of a better word, macro-level it has been debated whether it is possible to view the diffusion of the concept as following a uniform trajectory and several studies point at the importance of countries’ ideological backgrounds to explain the level of implementation of NPM elements in said countries (see for example Lapsley, 2008; Pollitt and Bouckaert, 2011; Premfors, 1998).

Regarding what we would call the micro-level, Eymeri-Douzans and Pierre (2011, p. 2) note that within the NPM literature in general, public administration has first and foremost been seen as a system of service production, a possible explanation as to why private sector methods have been seen fit for use in the public sector. Pollitt and Bouckaert (2011, pp. 168-169) offers a similar reflection; that within NPM, public sector management is often considered somewhat of a technical exercise performed by professionals and that very little is said about the role of politicians who are left with the strategic role of setting broad goals. On this micro-level, previous research has also investigated consequences of NPM more closely related to the focus of our study, how the relationship between politicians and civil servants within procurement affects MBO. Earlier we touched upon the ‘dual’ origin of NPM and Christensen

¹ In his article, Hood (1991) lists seven overlapping ‘doctrinal components’ found in most discussions of NPM. Interested readers find a table over these components, their meaning, and typical justification in Appendix B.

and Lægreid (2001) build on Hood's (1991) arguments when discussing the paradox between centralisation and decentralisation within the NPM concept. They argue that centralising tendencies are found in the 'economic organisation theory'-half of NPMs origin. When a principal-agent relationship between politicians and civil servants is assumed, coordination and control are necessary and this is achieved through centralisation of power. But the other half of NPMs origin, the managerial school of thought, has strong decentralising tendencies and advocate enhancement of the capacity of civil servant managers (Christensen & Lægreid, 2001). Thus, according to the authors, NPM can be seen as a "double-edged-sword that prescribes both centralisation and [decentralisation]" (Christensen & Lægreid, 2001, p. 78).

Through structural decentralisation and contracting, NPM has sought to organisationally separate policy making more clearly from policy administration and implementation (Christensen & Lægreid, 2001, p. 79). Arguments for this have been enhanced effectiveness and efficiency, but Christensen and Lægreid (2001) raise concerns that it may instead aggravate political control over administration and cause less attention to political considerations as well as weaken professionalism and personal responsibility of civil servants. They conclude that, "NPM has replaced a system based on mutual trust [...] between politicians and administrators, with a system that potentially furthers distrust." (Christensen & Lægreid, 2001, p. 89). These arguments are met by Van de Walle (2011), putting blame for creating mistrust into perspective by using three different types of trust identified by Lewicki and Bunker (1996). Given the principal-agent assumption in NPM, identification-based trust (based on shared values and goals) just does not exist, but by focusing on creating knowledge-based trust (based on sufficient information about each other's behaviour and intentions) and calculus-based trust (based on benefits of being trustworthy and trusting) by adding "...more control and information in the system, NPM would make it possible for principals and agents to trust each other again." (Van de Walle, 2011, p. 14).

NPM ideas have popularised a rich toolkit of managerial techniques (Eymeri-Douzans, 2011, p. 22) out of which we focus on Management by Objectives. This particular technique is older than the NPM concept and was defined in 1965 by Odiorne as "a process whereby the superior and subordinate managers of an organization jointly identify its common goals, define each individual's major areas of responsibility in terms of the results expected of him, and use

these measures as guides for operating the unit and assessing the contribution of each of tis [sic] members” (Odiorne, 1965 cited in Greenwood, 1981, p. 225). The three main components, goal setting, participation in decision-making that promotes understanding throughout the organisation, and objective feedback by managers to promote progress towards objectives (Rodgers & Hunter, 1991), may explain its popularity within NPM inspired reforms. It captures a number of the characteristics listed by Gruening (2001) in table 1, such as strategic planning and management, performance measurement, freedom to manage and separation of politics and administration. Furthermore, it is “to promote effectiveness, decentralisation, long-term commitments and accountability” (Holmblad Brunsson, 2002, p. 193) but, like many features included in the concept on NPM, MBO is adopted from the private sector. Empirical findings have shown that management reforms aiming at introducing a strategic role for politicians have not been successful and that “politicians tend to focus on specific cases rather than issues of principle. In addition, they are not eager to define general goals and to set priorities, nor are they motivated to consider issues that are not realized in the immediate future.” (Tiili, 2007, p. 91). Following the above described duality problem of prescribing centralisation and decentralisation simultaneously, figure 1 visually shows the paradox of NPM theory in relation to MBO.

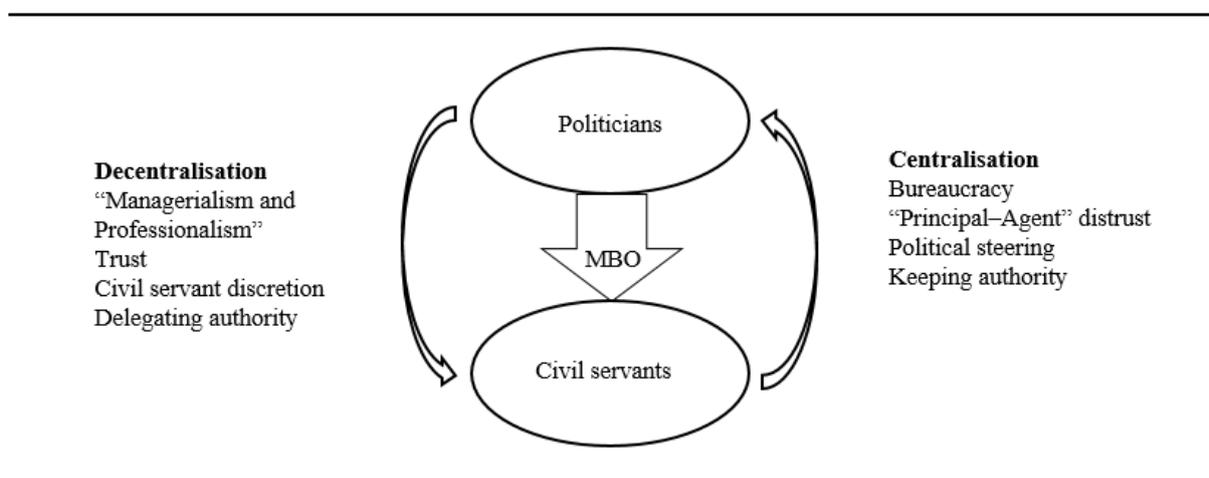


Figure 1. The management of civil servants affected by the paradox of NPM

Regarding research in public procurement, we find that the strategic role of procurement has gained much attention over the last decades but that there is only limited recognition of the role of politicians within this field (Murray, 2007). For example, research on the purchaser-

provider split model (see Siverbo, 2004, for an example of Swedish experiences) tend to focus on the two parties that has named the model without acknowledging the interplay between politicians and civil servants (Murray, 2007) within the ‘purchaser-sphere’. According to this model it is the purchaser’s role to plan, define expected results and outcome, and evaluate the service that is to be performed by the provider – to define *what* is to be done. This implies that it is entirely up to the provider to determine the method – *how* the task is to be performed (Almqvist, 2001). However, often cannot *what* be separated from *how* with ease (Almqvist, Catasús & Wällstedt, 2014). Furthermore, aspects such as quality may offer challenges, both when it comes to specifying and measuring what ‘good quality’ is, as well as creating incentives for the provider to produce the ‘right quality’ (Nilsson, Bergman & Pyddoke, 2005, pp. 137-138). In addition, Soudry (2007), focusing on the political-administrative relationship, makes use of the principal-agent theory to understand problems of accountability in public procurement. He finds that, in order to reduce the opportunity for abuse by civil servants working with procurement, two main forms of control mechanism are often employed; *ex-ante* measures in the form of administrative procedures integrated in public procurement regulation and *ex-post* oversight consisting of, for example, the existence of superior authorities and judicial review (ibid). While noting that it has been argued from an international/regional perspective that these systems may indirectly mitigate principal-agent problems associated with the delegation of discretionary power to procurement agents, Soudry suggests that it may also have an incidental negative effect on economic efficiency since a “...fairly stringent rule-based approach deprives [civil servants] the amount of flexibility needed in order to achieve the best economic results, especially in cases where contracts are more complex.” (Soudry, 2007, p. 447). Waterman and Meier (1998) also acknowledge that goal conflicts can occur within the political-bureaucratic environment if the principal and agent are disagreeing, but also suggest that in a bureaucratic environment, the two actors can form a dyadic relationship where policy goals are shared and agreed upon.

2.3. Gaps and limitations in previous studies

So, what is missing? Or at least, what has not been given enough attention, motivating our research? The knowledge of how public sector reforms have impacted the relationship and distribution of roles between politicians and top bureaucrats is limited according to Eymeri-Douzans and Pierre (2011, pp. 2-3). Murray (2007), in a review of the field of public procurement strategy research, is on the same track claiming that the fundamental difference be-

tween the private and the public sectors - that of politicians - have been largely overlooked in this field. But in the problem discussion in the first chapter, as well as in the section above on previous focus and findings, we have also given examples of research that look in to those specific areas. However, we have also recognised that principal-agent assumptions seem to have been rather influential, be it explicit or implicit. Eymeri-Douzans and Pierre (2011, pp. 2-3) suggests that within the research of public administration, as a key interface between citizens and the state, there is a need to take broader considerations regarding institutional design and *modus operandi*² than what is recognized in the objectives of NPM. Building on this, we suggest that the relationship between politicians and civil servants and the Management by Objectives should be studied from a new angle and propose the use of the PSB concept as a theoretical tool to do so.

2.4. Public Service Bargains – Conceptual ideas and previous research

As previously stated in section 2.2, and according to Peters and Pierre (2001, p. 1), most literature of public management reforms has focused on managerial and technical aspects. Hondeghem (2011) points out that these reforms also have institutional aspects, since they impact on the power relation between the actors that are involved. She suggests that one way to perceive these institutional changes is to look at them through the lens of ‘Public Service Bargains’ (PSB). Hood defines PSB as “any explicit or implicit understanding between (senior) public servants and other actors in a political system over their duties and entitlements relating to responsibility, autonomy and political identity, and expressed in convention or formal law or a mixture of both” (Hood, 2000a, p. 8). He also suggests that the concept can be used as “a tool for comparison and analysis of public service systems” (Hood, 2000b, p. 180). However, it has not been widely tested empirically and recently conducted research has mainly looked at countries such as the United Kingdom, Germany (Hood & Lodge, 2006), Belgium, Denmark, Canada, and the Netherlands (Hondeghem, 2011).

The PSB concept first emerged in the 1970s when Schaffer (1973, p. 252) described the relation where civil servants traded their knowledge to politicians in order to prolong their position within the administration³. According to Hood and Lodge (2006, pp. 15-20), the theoretic-

² The method of operation.

³ Schaffer (1973) describes it as proficiency in return for permanency.

cal origins of the PSB concept can be found in the large amount of research that investigates the relations between bureaucrats, politicians and other actors. Firstly, the idea of exchange in social theory and strategic analysis, but also the use of inducements and contributions in organisation and management theory, is used to describe organisational and human interaction. Secondly, strategic behaviour and game theory is used to describe how actors, pursuing their own pay-off, work out dominant strategies where a state of equilibrium exists between different actors. However, in terms of power and PSB studies, actors are not always seeking, nor achieving, maximisation of individual benefit due to the close working relationship between politicians and civil servants (Waterman & Meier, 1998). Thirdly, from the rational choice school of thought, transaction cost theory is used to explain the everyday interaction cost of doing business, and in relation to this, why politicians give up their right to fire and hire civil servants. Finally, from the political science and public administration research, how politician and civil servants interact through giving up certain individual rights, and in turn gain knowledge, loyalty and rewards depending on which actor that is referred to (Hood & Lodge, 2006, pp. 8, 15-20). Figure 2 depicts the on-going interactions through bargains between politicians and civil servants.

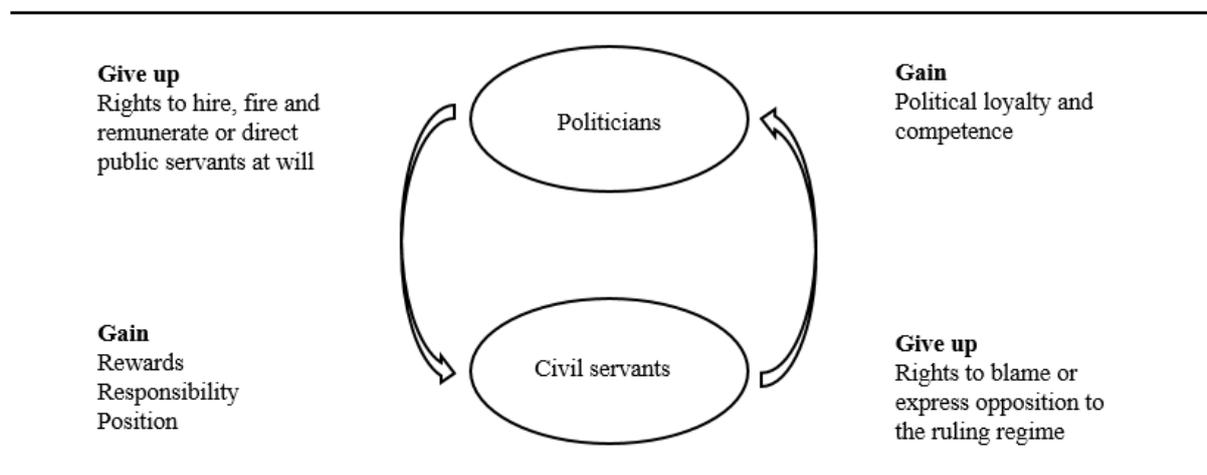


Figure 2. Bargains between politicians and public servants (reworked from Hood & Lodge, 2006, p. 8)

2.4.1. Systemic and Pragmatic bargains

Building on Schaffer's work, Hood (2000a; 2000b) developed a typology of Systemic and Pragmatic bargains with specific subgroups, as shown in table 2, in order to categorise how public administration in different countries is managed and organised. In Systemic bargains civil servants possess an independent "trusteeship" role within the public administration and

they are held accountable for their decisions. Pragmatic bargains refer to a principal-agent relation between politicians and civil servants, where civil servants acts as agents of political will and only the politicians are held accountable for policy decisions (Hood, 2000b; Hood and Lodge, 2006, pp. 30, 42).

Table 2. PSB - Different types of bargains (reworked from Hood, 2000b)

| Main type bargains | Sub-Type bargains | What politicians get | What civil servants get |
|---|-----------------------|--|---|
| “Systemic” central to constitutional structures | Consociational | “Social glue” through representative bureaucracy | Share of administrative power |
| | Hegelian or Confucian | Trustee role promoting the public good | Status (and for Hegel career-long material comfort) |
| “Pragmatic” related to specific politician-bureaucrat roles and obligations | Schafferian | Loyalty to, and competent service to the government of the day | Trust by ministers, avoidance of public blame, permanent tenure |
| | Hybrid | Competent service with party or personal loyalty | Trust by ministers, limited public blame for policy |
| | Managerial/Regulatory | Public servants who are blameable for regulatory or operational errors | Operational autonomy or managerial space |

Furthermore, in Hood’s (2000b) typology are Pragmatic bargains divided into Schafferian, Hybrid and Managerial bargains, describing both the level of decentralisation between politicians and civil servants, and also the degree of public servant discretion. Schafferian bargains are typically described as civil servants being serial loyalist, working for the government of the day and not accepting blame for policy decisions. In Managerial bargains, the civil servant works autonomously with a high degree of managerial freedom related to the directions formed by the current political leadership. However, the managerial freedom enforces the civil servant to also accept the risk of being blamed for mistakes. Hybrid bargains, in turn, are positioned somewhere between Schafferian and Managerial bargains depending on the relational dimensions of loyalty and blame (Hood, 2000b).

2.4.2. Trustee and Agency bargains

It should be noted that further development of the PSB concept has been done. Hood (2000a) and Hood and Lodge (2006) use the terms Trustee and Agency bargains to denote Systemic and Pragmatic bargains respectively. They have also further developed the different sub-categories within the Trustee and Agency bargains groups. However, this has not, to our knowledge, been widely adopted in later research by other scholars. Therefore, we have chosen to continue with Hood's (2000b) typology.

2.4.3. Contemporary research

Hood and Lodge (2006, p. 9) recognise briefly that Sweden by tradition has a typical Agency (Pragmatic) bargain with autonomous agencies in central government although these agencies are less prone to accept blame for their actions. Research in recent years have used the PSB concept to recognise, compare and categorise change in public administration, management responsibilities and how managers are made accountable for public policy (Hondegghem & Steen, 2013; Hondegghem & Van Dorpe, 2012; Balle Hansen, Steen & de Jong, 2012; Houlberg Salomonsen & Knudsen, 2011; Bourgault & Van Dorpe, 2013). Still, more extensive research examining Swedish conditions are scarce. Concerns have also been raised that the different sub-categories of bargains are not mutually exclusive or jointly exhaustive (Pollitt & Bouckaert, 2011, p. 6; Bourgault & Van Dorpe, 2013), which is also acknowledged by Hood and Lodge (2006, p. 68).

2.5. PSB as theoretical framework

Our aim is to study how the relationship between politicians and civil servants, working with public procurement, affects Management by Objectives. As shown in section 2.4, the PSB concept's different bargains describe the management and power relation between politicians and civil servants. The concept provides for three dimensions of relational description; competence, loyalty/responsibility and reward. Competence is what politicians obtain from civil servants in the form of knowledge, both in technical and social terms. Loyalty and responsibility are interconnected due to the fact that they are both depending on mutual trust, which forms a bond between politicians and civil servants. By being loyal to political decision, the civil servant is considered trustworthy and obedient. As the civil servant gathers more trust-

worthiness, he will also be trusted with more responsibilities. Reward refers to economical reimbursements that civil servants receive such as pay and bonuses but also the ability to remain in office and the possibility to be promoted (Hood & Lodge, 2006, pp. 6-9; Houlberg Salomonsen & Knudsen, 2011). Figure 3 shows how we find civil servants being managed from a PSB perspective.

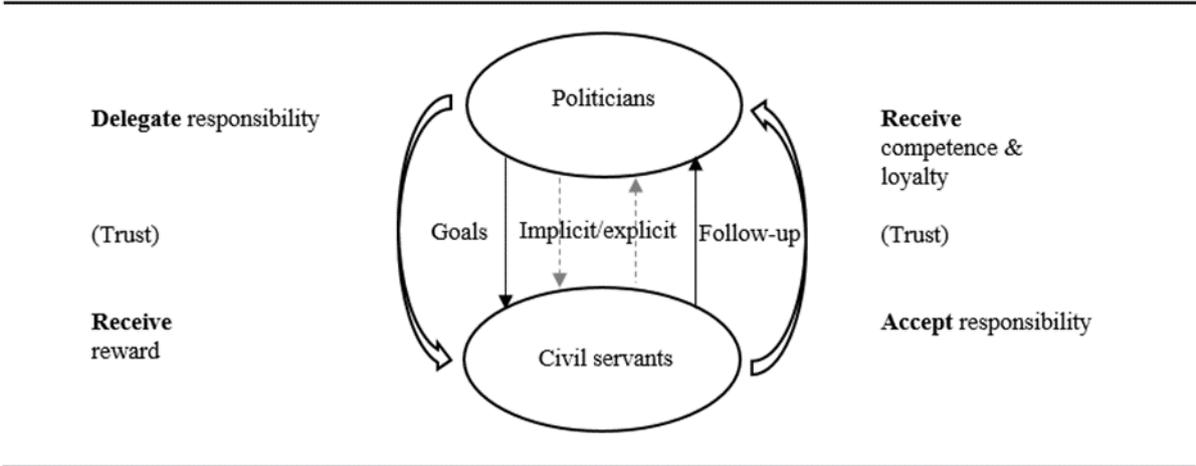


Figure 3. Management through the PSB framework

With the paradoxes within NPM and the concerns regarding MBO described in section 2.2 in mind, our theoretical framework in figure 4 allows us to examine the explicit and implicit management that politicians exercise over civil servants. Using the three PSB dimensions, we seek to interpret how typical characteristic of NPM such as “strategic planning and management” and “separation of politics and administration” (Gruening, 2001) forming the MBO can be understood by studying how goals and follow-up are used and what effects they have on civil servants’ work with public procurement. We interpret the MBO to consist of two major management and information flows. Firstly, political steering through goals, and secondly, civil servants reporting back to the politicians. Politicians formulate the overall goals and by that, what objectives that should be managed. However, depending on the pressure for centralisation within the observed organisation, there can also be a focus on how goals should be reached. The main reason for such political micromanagement is mainly blame avoidance and distrust (Waterman & Meier, 1998). Politicians are on the other hand depending on the knowledge and professionalism, possessed by civil servants, to manage and guide day-to-day activities as long as there is a relation built on trust and the overall political goals are respect-

ed and possibly achieved (Houlberg Salomonsen & Knudsen, 2011). Civil servants in turn, provides follow-up results and reports on perceived service by the users of municipal services. This reporting forms a major influx of information that is crucial for political management and decision-making. This information can possibly be distorted and biased depending on what underlying cause is at hand. Political management is fundamentally a way of distributing wealth and civil servants can therefore be competing for resources between different departments (Waterman & Meier, 1998). Figure 4 depicts how we use the PSB dimensions to analyse the MBO in public procurement.

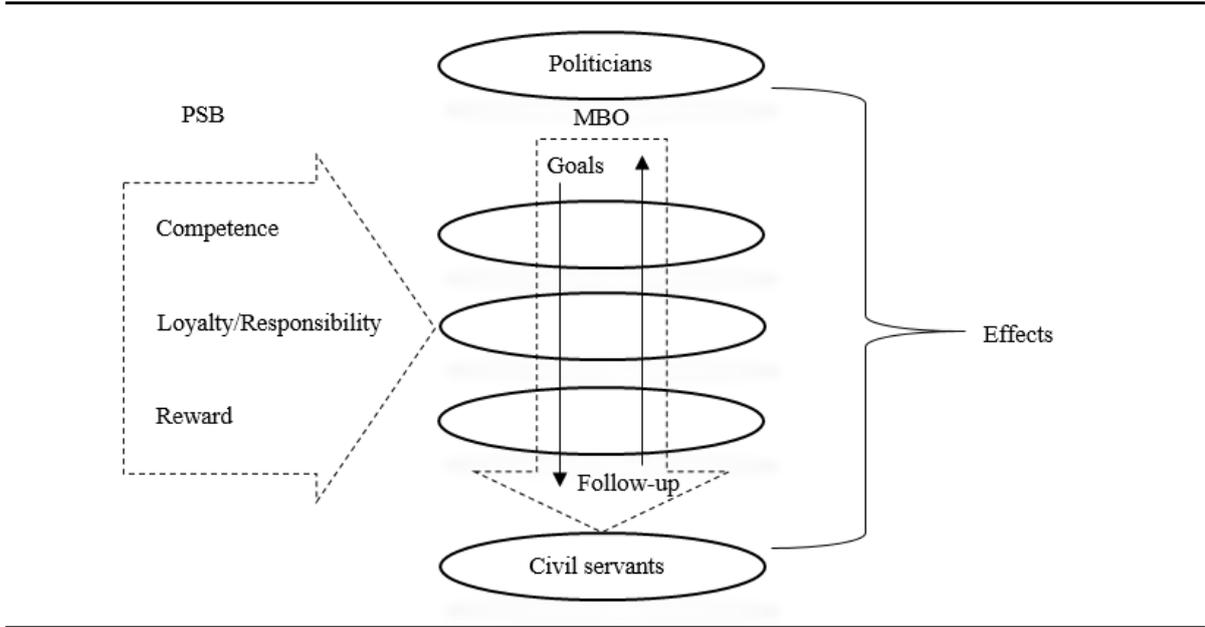


Figure 4. MBO analysed through the different PSB dimensions

In conclusion, by using this pre-knowledge on the relation between politicians and civil servants, we focus on civil servants that are concerned with municipal procurement. The PSB concept guides us to interpret the explicit and implicit management that affects the civil servants’ work and also how they in turn respond to this management. By using the PSB concept to analyse MBO, we are able to produce contributions to the principal-agent relation, as well as to the understanding of how the management and MBO affect both politicians and civil servants.

3. Method

3.1. Research strategy

The municipal reality in Sweden is highly influenced by NPM work methods (Almqvist, 2006) as well as the state (Pollitt & Bouckaert, 2011, pp. 309-310). However, we believe that the common understanding of what NPM is all about has not fully considered and appreciated the political aspect on public management. The PSB framework presented in the previous chapter may be one way of creating a path to understanding this particular relation. Often, a theoretical framework or an explanation of a single case is validated and confirmed using a deductive research approach where theory-based hypotheses or generally accepted rules are confirmed through empirical findings (Alvesson & Sköldbberg, 2008, p. 55; Bryman & Bell, 2011, p. 11.). However, as we have tried to interpret how PSB is affecting the purchasing process, this research has also taken on an inductive approach using empirical findings from a set of observations in order to be able to find patterns that are associated (Alvesson & Sköldbberg, 2008, p. 54; Bryman & Bell, 2011, p. 27).

We started our study with a deductive approach, investigating the relation between politicians and civil servants through combining the NPM and PSB perspectives, but as the study progressed, we found ourselves reconsidering our aim to focus on how PSB affects the overall MBO rather than solely focus on the relation between politicians and civil servants and public purchasing. When addressing this problem, we have used an iterative process between theory and empirical findings that has included the use of inductive elements in deductive research (Bryman & Bell, 2011, p. 13). As the research has progressed, we have used one set of theory and through inference from empirical findings and secondary sources, we have added additional theories in order to explain social phenomena. Our research approach has therefore been inspired by abduction, as it combines the acceptance of pre-existing theory while still relying on empirical findings to not only create knowledge, but also to create comprehension (Alvesson & Sköldbberg, 2008, p. 56). Considering this overall research strategy, and our wish to create knowledge and comprehension, we have chosen to perform a qualitative study based on interviews and, to some extent, document studies.

When studying NPM, previous researchers have taken on different scientific approaches. Gruening (2001) identifies that some researchers have relied on objectivism, where the researcher equipped with superior knowledge, takes a distanced and objective position to observe the social situation. He also recognises that others have pursued a critical and interpretative position, acknowledging that social reality is constantly constructed by human interaction. Bryman and Bell (2011, pp. 20-21) categorises these ontological standpoints (objectivism and constructionism) as two incommensurable worldviews on social entities. Our research has been performed in a context where we have gathered obvious facts, such as written guidelines, but also interacted with respondents, in order to interpret their answers, and the social situation (culture) they experience. Hermeneutics, that concerns the understanding and interpretation of human behaviour, is hence a key feature of our research (Bryman & Bell, 2011, p. 16). Furthermore, the research has a strand of ethnomethodology where we try to understand how social order is created through talk and interaction (Bryman & Bell, 2011, p. 387). Because of the above, we found ourselves adhering to constructivism as we are studying social phenomena whilst being active participants as social actors (Alvesson & Sköldberg, 2008, pp. 81-82; Bryman & Bell, 2011, p. 22; Silverman, 2001, p. 97; Slevitch, 2011). Further, by imposing questions on respondents from a PSB perspective, we may have forced them to think and consider how their work, and also their perception of the work, is affected by our research questions. The respondents in turn, by answering question and participating in a discussion, have affected us as researchers by introducing new thoughts that have led to additional questions and new insights. The social reality has therefore been in a constant state of revision, constructed by us as social actors at the interview situation (Bryman & Bell, 2011, p. 22).

Our study has an interpretative focus because we are mainly concerned with understanding the interplay, within the NPM context, between politicians and civil servants. Alvesson and Deetz (2000, p. 34) describes that the goal of interpretative studies is to "...show how particular realities are socially produced and maintained through norms, rites, rituals and daily activities.". Therefore we cannot understand reality without considering underlying streams of thoughts, objectives and restrictions. Neither is our understanding possible without us making and having assumptions on the subject matter derived from both previous literature and personal experiences. By using interviews and a qualitative research approach as our main re-

search strategy we are able to interpret and create comprehension on how PSB may affect the overall MBO and the interplay between politicians and civil servants.

3.2. Research design

We have chosen to work with the case study methodology as we study an occurrence within the boundaries of a specific organisation. Firstly, we find case studies suitable for investigating an organisation or exploring a situation that has not been studied before (Bryman & Bell, 2011, pp. 61-62). Secondly, case studies are useful when investigating continuous on-going events and there is no need to control for behavioural factors within the research setting. Finally, case studies are appropriate when *how* and *why* questions are being asked by the researchers (Yin, 2014, pp. 9-14). An abductive approach seems also to be favoured by researchers doing case studies (Alvesson & Sköldbberg, 2008, p. 55). Our research has also a strand of a comparative case study, as we have investigated different parts of the municipal organisation with similar functions. Studying different entities using the same method are useful, as it provides for greater understanding of social phenomena (Bryman & Bell, 2011, p. 63). Thus, we chose to interview respondents in the City of Stockholm and used secondary sources, such as written guidelines, laws and literature found on the City of Stockholm's website and at libraries (Bryman & Bell, 2011, pp. 313-314).

Our interviews were performed with the aid of an interview guide with prepared open-ended questions that could be elaborated at the interview situation. The interview guide was prepared using the theories and concepts on PSB and we discussed the content with our supervisors, rather than making a pilot interview guide. We found semi-structured interviews to be suitable, because of the possibility to present additional follow-up questions that came to mind during the interviews (Bryman & Bell, 2011, p. 205). Furthermore, semi-structured interviews enabled a flexibility to enhance the answers from the respondent depending on the situation and how the respondent acted and responded to our stimulus (Bryman & Bell, 2011, p. 467). Respondents were chosen on the grounds that they have good knowledge of the subject that we studied. In order to reach the right people to interview, we have used key persons/managers at the top management to guide us. At the end of each interview, the respondents were in turn asked, if they wanted and were able to, provide information on additional appropriate persons to interview, which provided for easier access because a person that had

already been interviewed would then introduce us to the next, and thus informally legitimating our purpose.

3.3. Collection of empirical material

Our case study is limited to the City of Stockholm and we recognise the uniqueness of the organisation with the additional level of Divisions with responsible Mayors as well as the high proportion of spare-time politicians in the different District Councils. In order to get rich material to analyse we performed interviews and also read municipal documents such as the municipal budget and the procurement policy. Two pre-meetings with managers were held at the City Executive Office to gain access to respondents as well as to test our research idea. Our respondents are department managers that are part of a management group or managers responsible for different units. The choice of respondents has been deliberate as these people have a work relation that is somewhat close to the political sphere and they have a say on procurement that forms a major part of the municipal budget and thus also an important part of the MBO. During the study we conducted eleven interviews as described in table 3.

Table 3. Distribution of respondents

| Organisational location | Number of interviews | Comments |
|--------------------------------|-----------------------------|--|
| City Executive Office | 1 | Civil servant |
| Specialist Committee | 4 | Civil servants, four different Specialist Committees. |
| District Council | 5 | Civil servants, four different District Councils. Two interviews were held simultaneously. |
| District Council's Board | 1 | Politician |

3.3.1. Interview settings

The interviews were conducted at the respondents local offices', located at various places within the City of Stockholm, at the respondents' workplace or in an adjacent conference room. All interviews were recorded (2 recordings per interview for safety reasons) and notes were taken for later reference. In order to enhance the quality of the answers, respondents

were informed that all recordings and notes would be kept safe and confidential. In addition, the respondents were invited to provide answers anonymously. All interviews were planned to last one hour, however we found that some respondents did not mind being interviewed for a longer period. The interview guide and the questions were conducted in Swedish in order to prevent a language barrier from occurring. This also enabled the respondents to provide more elaborate answers. However, we recognise the translation risk, and that the respondents' answers can have been affected by our pre-knowledge and sense-making process (Bryman & Bell, 2011, p. 488).

3.3.2. Interpreting respondent answers

The semi-structured interview guides, in appendix D and E, provided for the possibility to receive elaborated answers from our respondents. All interviews were fully transcribed. In order to analyse the empirical material we planned for using the interview themes found in table 4.

Table 4. Initial interview themes

| | |
|---|---|
| Civil servants from a PSB perspective | Politician from a PSB perspective |
| General responsibilities, position, background, remuneration and competence | General responsibilities and background |
| Relation to politicians | Relation to civil servants |
| Civil servants from a NPM perspective | Politician from a NPM perspective |
| The budget process with goal development and management of objectives | General management of goals and accomplishment of the political mission |
| The overall procurement process | Feedback from civil servants |
| Effects and follow-up of the operations | |

However, when working through the interviews, we found it more natural to structure our empirical material by first describing the formal organisation and how it works in order to better understand the answers provided by the respondents. Secondly, due to our aim being slightly altered, as described in section 3.1, the transcribed interviews were organised around the MBO and how the relation between politicians and civil servants affects each other. Finally we consider how procurement affects civil servants' work. The main focus of interest has

therefore been on MBO and how it is affected by the PSB and the different NPM characteristics found in section 2.5.

3.3.3. Interpreting municipal documents

We have studied the municipal budget, the procurement policy and different organisation schemes as well as the documents that the ILS management system provides for. Particularly in case studies, the organisational documents provide for valuable background information and also organisational charts in order to understand an organisation (Bryman & Bell, 2011, p. 550). Some of the documents were directly provided to us from various respondents such as organisation plans, delegations and decision-process charts enabling us to understand how the municipality works and how civil servants are managed.

3.4. Addressing research critique

Case studies have been criticised for having low external validity. However, it should be emphasized that, although the study may not be generalizable, it provides a deeper understanding about the case studied. Furthermore, research findings can be used to form theoretical propositions, which can be tested in subsequent studies (Bryman & Bell, 2011, p. 61). Through our research we have gathered empirical evidence on how respondents experience the management through MBO, and how the social situation and personal relations affect their work. Our findings are heterogeneous and difficult to replicate, due to respondents having individual experiences and because of the workplace being in constant change. We acknowledge therefore that both external validity and reliability is difficult to obtain. However, Lincoln and Guba (1985), cited in Bryman and Bell (2011, p. 395), suggests that the concepts of trustworthiness and authenticity should be used instead of validity and reliability. In order to accomplish trustworthiness we have, besides recording the answers and offering the respondents to check the answers, specifically asked follow-up questions when we have been uncertain of the provided answers. Being critical to our own bias is crucial to understand the respondents' answers and social response. By treating the gathered material in a consistent way, the measures also increase the fairness and authenticity of our research (Bryman & Bell, 2011, pp. 395-398). We acknowledge the bias that is incurred by only using one politician as respondent. However, the purpose has been to provide a second opinion on civil servants work and also cooperation with politicians.

3.5. Source criticism

Source criticism has to do with distortion of information and how we as researchers manage the risk of understanding historic events wrongly (Alvesson & Sköldberg, 2008, p. 219). Written sources are naturally judged by their scientific provenance. An article in an academic journal, which is reviewed by academic peers, is assumed to hold more scientific power than a written textbook. This is not to say that textbooks are unreliable but they are possibly biased by their author(s). Also, we cannot disregard the progress of science and the fact that the use of more recent articles will enhance the outcome of our study. Therefore we have sought to use more recent research when available. Our respondents are chosen by the rule that they have a significant part in the procurement process in order to close the gap between hearsay and actual knowledge. It is also important that their knowledge is based on contemporary events and not history, because memories can be distorted over time (Alvesson & Sköldberg, 2008, pp. 218-219). Our interviews were audio recorded to lower the risk of researcher bias and that it helps us to remember how the interview situation was and what actually took place.

3.6. Addressing research ethics

As researchers we are obliged to follow some basic principles on ethics and we must protect our respondents and the answers they have provided from being used improperly. Without this “safety net” it would be difficult to obtain a truthful collaboration from the respondent. Before the actual interview situation we have stated our purpose and the nature of our study, giving the respondent an opportunity to accept or reject the interview. Respondents were told that they could provide their answers anonymously and that answers provided would be used only for our research and by us. Further, they were asked, if we were allowed to audio record the interview and if they wanted a copy of our thesis. In our thesis, the respondents’ answers have been anonymised, because we found the respondents to be more willing to provide answers anonymously. By these measures and respecting the wishes of our respondents we conform to the principles of; not harming the respondent, obtaining informed consent, respecting the respondents’ privacy and not deceiving the respondent (Bryman & Bell, 2011, pp. 128-137). Even though it may be difficult to interpret and analyse the respondents’ answers without any bias, due to our research strategy, we have attempted to treat the gathered material in a consistent and truthful way throughout the study.

4. Empirical findings

In this chapter we begin by describing findings concerning the municipality's organisational structure, how politicians and civil servants are appointed and organised. While not an explicit part of the theoretical framework presented in section 2.5, this information is, in our opinion, important because it describes a context that has influenced our interpretations and understandings. This is followed by our findings on the political management of civil servants with procurement responsibilities. By looking at MBO in practice, we get an idea of how formal and informal procedures influence the work of civil servants. We then conclude by looking into how our respondents perceive and interpret effects of procurement on civil servant work.

4.1. City of Stockholm

For close to thirty years, since 1988, the political majority in the City of Stockholm has shifted with every four-year election period except for in 2010 when a liberal conservative coalition got re-elected for a second term of office. In the early autumn of 2014, their eight-year run was terminated when a coalition led by the Social Democratic Party became the new majority. Since political values and convictions influence what is at the forefront and prioritised, changes in political majority affect not only the 900 000 inhabitants and users of municipal services in the City of Stockholm but also the 40 000 employees as well as private contractors engaged in daily municipal work (Stockholms stad, 2014a). The municipality describes itself as an organisation with a high degree of decentralised responsibility where many decisions are made locally close to the citizens (Stockholms stad, 2014b). We believe that it is important to acknowledge that this statement refers to the political structure, which is not the kind of decentralisation typically associated with NPM. Thus, in addition to the decentralisation from politicians to civil servants the City of Stockholm is also politically decentralised. This is visualised in figure 5 where political functions are square-shaped and civil servant functions are represented by circles.

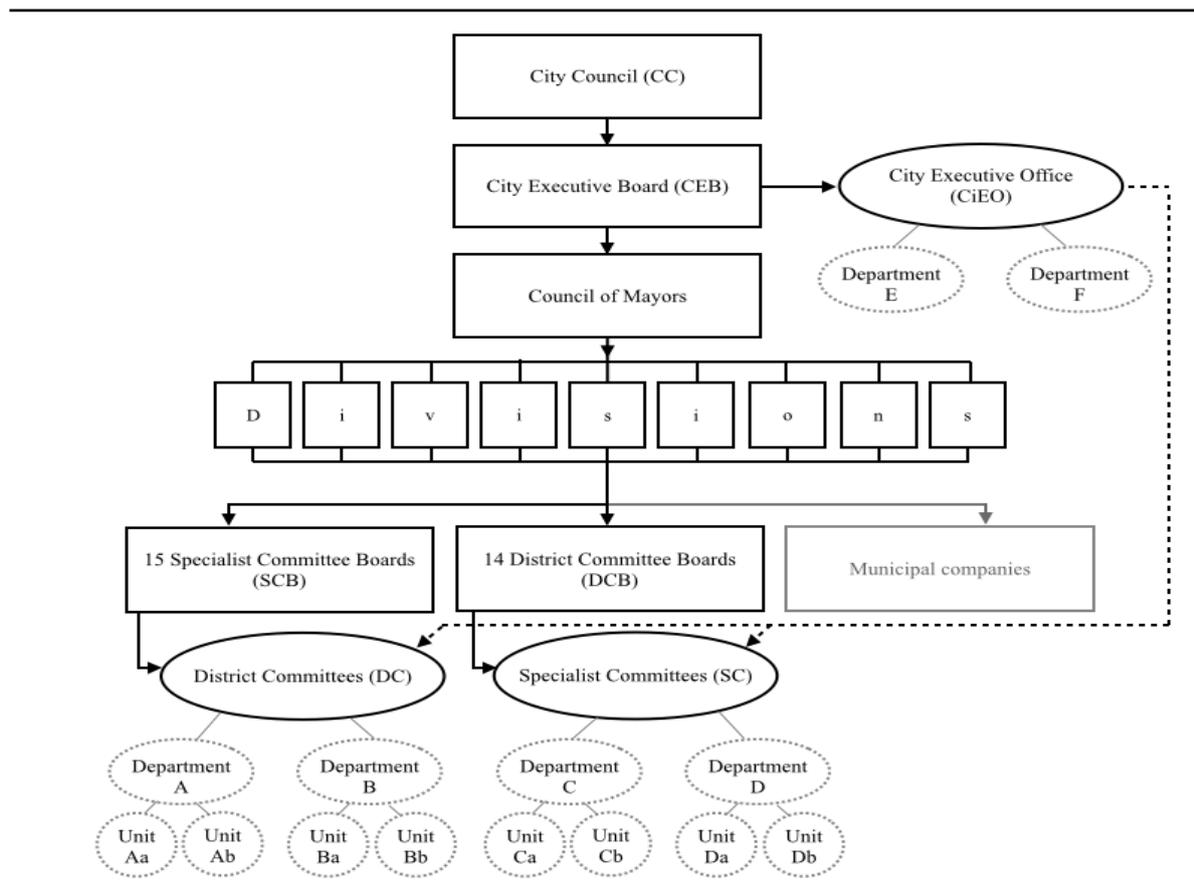


Figure 5. Organisational chart (Stockholms stad, 2014b and respondents)

4.1.1. Political organisation

The City Council (CC), consisting of 101 elected representatives, has the ultimate political decisions power to allocate resources and settle the municipal budget. However, since most representatives in the CC are not fulltime politicians, the City Executive Board (CEB) leads the daily work. Apart from compiling facts and decision-alternatives for the CC, they are also responsible for executing the CC's decisions with the cooperation of fifteen Specialist Committee's Boards (SCB) and fourteen District Council's Boards (DCB). The members of the SCBs and the DCBs are appointed by the CC. Thirteen fulltime politicians, out of which nine represent the new majority parties, form the Council of Mayors. Each majority mayor is the political leader of one Division, nine departments overseeing specific areas of operations such as, for example, the Finance Division and the School Division. These nine divisions are amongst each other responsible for the different SCBs and DCBs as well as for the boards of municipal companies, which are not further described in this study (Stockholms stad, 2014c).

4.1.2. Civil servant organisation

The City Executive Office (CiEO) conducts the administration for the CEB and they assist the CEB in the mission to lead and coordinate the municipal operations. The CiEO work with strategic issues and is responsible for the execution of political decisions. Fifteen Specialist Committees (SC) are responsible for municipality-wide issues within certain important fields of work, such as elderly care and social services (Stockholms stad, 2014d). The District Councils (DC) are divided by their geographical locations and are concerned with citizen-oriented services such as children's preschool and the care for people with disabilities (Stockholms stad, 2014e). In charge of the civil servant organisation are the City Manager and the two Deputy City Managers of the CiEO. As the top civil servants of the municipality, they are the only ones in the organisation appointed by the political majority. All other civil servants throughout the whole organisation are employed by the City of Stockholm and thereby formally separated from political intervention. Even so, the civil servant organisation is charged with executing the decisions made by the CEB, SCBs and DCBs (Stockholms stad, 2014c). The City Manager and City Deputy City Managers are responsible for appointing the managers of the SCs and the DCs on fixed term contracts, who in turn appoint the civil servants of their respective SC or DC. These administrative organisations are relatively free to decide upon their internal structure and there are differences between them. Hence, the administrative departments and units in figure 5 should be interpreted as examples of how the local organisation can be structured.

4.1.3. Respondent information

To gain an understanding of how political management affect the work of civil servants with procurement responsibilities, both explicitly and implicitly, we have conducted interviews with eleven respondents. Ten of them work as civil servants on indefinite length contracts in the CiEO, SCs and DCs, while one is a politician in one of the DCBs as shown in table 5 on the following page. Seven of the respondents have procurement responsibilities within a variety of areas, while two are specialised on elderly care procurement, one on social care procurement and one on labour market procurement. A majority of our respondents have several years of experience of municipal work within the field of procurement. Two of our respondents with shorter tenure within the municipality have previous experiences from working with public procurement from the private sector.

Table 5. Respondent description

| Position | Organisational location | Municipal tenure (in years) | |
|-----------------------------|--------------------------|-----------------------------|---------------------|
| | | In total | At current position |
| Head of department (1) | Specialist Committee | > 20 | 5-10 |
| Head of department (2) | Specialist Committee | < 5 | < 5 |
| Head of department (3) | District Council | 5-10 | < 5 |
| Head of department (4) | District Council | > 20 | 10-15 |
| Head of department (5) | District Council | 10-15 | < 5 |
| Head of department (6) | District Council | > 20 | 15-20 |
| Head of unit (7) | City Executive Office | < 5 | < 5 |
| Head of unit (8) | Specialist Committee | < 5 | < 5 |
| Procurement coordinator (9) | Specialist Committee | > 20 | < 5 |
| Procurement strategist (10) | District Council | > 20 | 5-10 |
| Politician (11) | District Council's Board | > 20 | 10-15 |

4.2. Management by Objectives in practice

When putting together our empirical findings on MBO, different forms of interaction between civil servants and politicians emerged. In the following two sections we present ways politicians convey their political will to the civil servants. In the third section we look at the role of civil servant managers and informal interactions. In the fourth we get a picture of how civil servants work with follow-up and in the fifth we look at civil servants' abilities to influence the political management.

4.2.1. Budget

When asked how they receive managerial directives from the political organisation, all our civil servant respondents mentioned the budget as the main way of communication. A long-term vision and overall orientation goals are formulated in the CC, in line with the ambitions and aims of the political majority of the day. These constitute a framework guiding the management of all operations (Stockholms stad, 2014f). To create a uniform organisation, working towards the same vision and orientation goals, the budget also consists of a number of measurement indicators and activities contributing to goal achievement (Stockholms stad, 2014g).

Thus, NPM ideas are highly influential in the day-to-day work of the municipality, both in general and when it comes to the procurement process. As one of our respondents half-jokingly put it:

The budget controls everything. It is our bible. It is what we live by and it should govern us. If we did not have it as guideline we would have enormous problems with the governance. (Procurement coordinator 9, SC)

We have also observed that it is not only the civil servants that are managed through the budget but also the politicians in the decentralised boards, something that has not always been the case according to another one of our respondents:

...[Previously] you have seen the budget more as a recommendation rather than as a management tool. There has been a big cultural change here... (Head of unit 7, CiEO)

When the annual budget has been decided by the CC, the civil servants of the CEO, SCs and DCs use their professional knowledge of the local operations to prepare the budget and operational plan for their respective committee. In addition to the activities and indicators decided by the CC, local activities and indicators are included and this is something that can be initiated by either the board or the administration.

The administration is charged with producing the best possible solution based on their profession but also with consideration to the [CC] budget directives and with consideration to the money we have been allocated (Politician 11, DCB)

The next step, according to all respondents, is that the overall committee goals and objectives are broken down and made operational at department level and unit level. Some of the committees, but not all, also take it all the way down to individual level. For the sake of clarity we might add that units include, but are not limited to, administrative services of the committee. Units are also the personnel at, for example, a housing for the elderly run by an in-house provider. They too have goals broken down from the main budget to their operations. It is different with external service providers, who are not required to formulate goals in this way. On the other hand, just like the in-house providers they are inspected on basis of the goals so they are still closely linked to them (Head of department 4, DC).

In our interviews we got the impression that civil servants are able to formulate department and unit goals quite freely.

In our unit we have a freedom to create our own goals, both for the unit and individually, as long as they are in line with the overarching goals of the city. (Head of unit 8, SC)

The board says 'what' we are to work with and we, the profession, decides 'how'. If we ask ourselves 'How are we going to achieve these quality standards within the elderly care?' then it is the ones working with elderly care that needs to figure this out because they are the ones with the ability to know this and no one else. (Head of department 5, DC)

However, the reality of political management is always present. It is clear that it is the politicians of the CEB, DCBs and SCBs that have the final say on the local budget and the operational plan.

...the professional dimension in this is more to implement the political will in a good way, and with a good result. (Head of unit 7, CiEO)

And sometimes the political will does not stay at an overall level:

Politicians have a tendency to jump between big and small issues all the time so sometimes there are very detailed missions in the [local] budget text, that you should have a janitor or something like that. It can sometimes be at that level. Well, that is what municipal democracy is like. A lot! No, in all seriousness, the system today is focused on Management by Objectives but sometimes there are also these kinds of tendencies. (Head of department 4, DC)

But, as one respondent pointed out, the political power resides within the decisions the politicians make as a board, not with individual politicians:

We stick to the decided budget and the missions we are assigned by the DCB. We do not act on assignments ordered by individual politicians. It has to be decided upon in the DCB first. (Head of department 3, DC)

4.2.2. Policy documents and delegation

In addition to the budget, other formal documents to guide the operations are issued by the CC. Examples are the Procurement policy and the Program for quality development (Stockholms stad, 2014h) issued during the last majority's eight-year run. During these years a clear political focus was on competition, freedom of choice and cost-effectiveness (Stockholms stad, 2014i). We find that these goals have shaped the civil servant organisation to work with a procurement focus and with external providers of services. Given the outcome of the latest election the administration now face new political demands and a quite severe change in focus when it comes to procurement, especially of soft services such as elderly care and social care⁴. The new majority strongly oppose private companies profiting on welfare services (Politician 11, DCB) and many of our respondent predict that great number of outsourced services within these areas will be taken back to be managed in-house. Instead a greater focus on collective labour agreements and decent salary terms is expected (Head of unit 7, CiEO).

In the above-mentioned documents it is stated that procurement can be performed as either a local procurement, solving the need for goods or services in one DCB or SCB, as a joint procurement, solving the need in two or more DCBs and SCBs, or as a mandatory central procurement where one SCB solve the need for the whole city (Stockholms stad, 2014h). Municipal service can be performed both by external providers and in-house, by using own staffing. We have found that the CiEO handles more sensitive contracts, with a possibly greater risk of negative impact on the municipality, but also that the DCs are relatively free to adapt and adjust the procurement process to local conditions.

Stockholm is a very challenging organisation because it is so heavily decentralised when it comes to procurement and purchasing issues, and every DC and SC are their own procuring authority. (Head of department 2, SC)

Just as with the budget goals, the policy documents are very influential:

They are the foundation. We cannot suggest anything else (Head of department 1, SC)

⁴ A description of previous and present municipal goals can be found in Appendix C.

During our interviews, it became clear that MBO is a firm part of the municipal governing and that this increased when a web-based integrated management system called ILS was implemented in 2007. Here administration of budgets, plans, goals and follow-up measures, as well as analytical tools are gathered in one place (Stockholms stad, 2014g; Stockholms Stadshus AB, 2014). We got the impression that the system is well implemented and accepted by the administration.

It is probably what fascinates me the most within this municipality that the management is working so well in this big organisation. There is compliance and discipline. [...] The management towards it has been very strict and it has not been easy. Especially when I know how it was before, with 31 boards that were more or less independent. They did what they wanted, sort of, and there was no respect for the budget either, it has been overrun and deficits happened, which we really do not have anymore. (Head of unit 7, CiEO)

But our political respondent, who considered the current management system an area in need of revision, also pointed out that:

... I think that they, the civil servants, sometimes use it quite often as a defence tool. (Politician 11, DCB)

Formal documents also include written delegations, which states decisions that civil servants are authorised to make and the economic boundaries that follow upon these decision areas.

In addition to the political will the municipal organisation must also adhere to a number of legislations. Apart from Sweden's overarching Local Government Act (KomL for short in Swedish) are the Law of Public Procurement (LOU) and the Law of System of Choice (LOV) the key legislations affecting our respondents' work with procurement. In the DCs, which handle matters with individual citizens, the Social Service Act (SOL) and the Health and Medical Service Act (HSL) are also of importance.

4.2.3. Managers and informal interaction

If the budget represents the most formal way of management communication, much of the ongoing communication between politicians and the administration regarding day-to-day activities goes through the highest manager of their respective committee, according to our respondents. They are both the glue and the gatekeeper between politicians and the administration (Procurement coordinator 9, SC). Some interaction in person also occur. All Heads of department that we have met are part of their respective committee's management team and they usually participate in the monthly board meetings with politicians. The two respondents, who are Heads of units, state that they normally do not interact in person with politicians with exception for when they are called to meetings to report on matters concerning their unit. It is the same for the Procurement coordinator and the Procurement strategist but, as the Head of department 4 DC pointed out, attending a meeting is not the same as participating in discussions concerning decision-making. Those discussions only involve the elected representatives.

During our research, we have also found examples of more informal collaboration between politicians and civil servants. Head of department 5 DC, describe how they arrange informal reference group meetings where they invite the members of the DCB. The meetings are themed around specific topics that are currently of special interest. These meetings give civil servants a chance to present their work in greater detail and politicians a chance to ask questions to deepen their understanding. No decisions are made at these meetings but matters can be clarified. The respondent concluded that these meetings contribute to a good and open relationship between the politicians and civil servants.

4.2.4. Reporting back to politicians

Part of the administrative work is to follow-up the effects of the performed services. According to all of our respondents this is done in correspondence with the goals communicated through the budget. One central theme is the formal reporting that, according to our findings, is present at all levels of the organisation. Here are four-month period reports important and central for goal monitoring.

We do four-month period reports on each goal. Every department reports their achievements and we report it to the board. Two four-month period reports con-

sider “What have been achieved? Are we in phase?” with regards to the different goals and then we make an annual report when the year has ended. [...] In every four-month period report and in the annual report, economy is reported and also how we have been working towards our goals. (Head of department 5, DC)

Procured services are followed-up both on an agreement level as well as by performing on-site visits that can be both announced and unannounced. Investigations are done if problems are reported and user surveys are commonly used to assess the provided quality. Responsibilities for follow-up is also delegated from SCs to DCs:

We have something in the City that we call operational reporting. Since we have 140 private and 26 in-house home help service providers, and a number of housings for the elderly, we have divided the responsibility between different DCs to annually follow-up a certain amount of providers. (Head of department 1, SC)

From our respondents located in the DCs we got the impression that they consider their follow-up routines regarding externally provided services suitable and efficient but some of our respondents located in the SCs expressed wishes for improvements when it came to the follow-up they had delegated to the DCs. When asked about this, our respondent in the CiEO suggested that one needs to consider that the meaning of follow-up may be interpreted differently in different parts of the organisation.

I think you need to separate follow-up at an individual level, if a person has received the services s/he has been granted, which I know is functioning well, from the follow-up of an agreement of, say, housing for the elderly, which apart from the individual aspects may contain other things and I do not think you are as good at following-up those. [...] I think there can be a lot done with the follow-up of the agreements. (Head of unit 7, CiEO)

We interpret this as a consequence of having a decentralised organisation where operations are divided between different functions while a certain amount of collaboration is still required. Head of department 2 SC voiced concerns that challenges may increase because many DCs do not reinstate procurement specialists when previous ones have quit or retired, adding that it is not uncommon that procurement tasks are given to a person with another function, such as a controller, and that this person may not have the necessary competence in procurement, which complicates communication.

4.2.5. How civil servants affect politicians

Given the findings in the previous sections, it is clear that large parts of the political management of civil servants is formalised and explicit but we were also interested in finding out how civil servants are able to influence the politicians, and by extension the MBO. When discussing the budget and the DC's ability to influence the CC's allocation of funds between different areas of operations, Head of department 4 DC, feels that the DC does not really have any influence. During the year, they have the ability to point out problems or come up with suggestions in different referrals but the actual allocation is hard to influence. When it comes to the local allocation it is another matter. Here the civil servants suggest an allocation in the operational plan and, in the respondents' experience, it is not often that politicians change those operational plans. However, the ability to redistribute funds from one area to another is affected by the majority of the day in the CC. Some majorities more strongly communicate that this should be avoided than others. Head of department 6 DC also stated that they have the ability to redistribute resources between different departments, given that their DCB approves, and that civil servants have a certain minor freedom to allocate resources without consulting politicians in detail, referring to the written delegations.

All civil servant respondents agreed that within the organisation there is room for them to express their professional opinion in different matters and that their roles have advisory elements vis-à-vis the politicians. But they were also quick to add that, for example, official statements are written with the political majority in mind. We were offered some different views and thoughts on this:

We provide the board with our official statements. They are our professional view on matters. But also, a lot of what we do include political values and we try not to take a stand in this. It is sort of in the rules of the game but... when asked questions we give answers that we believe are the most suitable. (Head of unit 7, CiEO)

Off course we are always objective. We present the reality we consider correct. It is not like we adjust our statements like that. But we need to have certain sensitivity. It is no use to present a statement where we suggest something that will make the board say 'We absolutely do not want to do this'. It is in the nature of the subject that we adhere to the political will and their orientation goals. But we are, so

to say, transparent and we will present an objective statement. (Procurement strategist 10, DC)

Political wishes guide our work, but we have a say on what should be prioritised and where efforts should be increased from our professional view. (Procurement coordinator 9, SC)

No matter what my private opinion is my task is very clear and it is to, in some way, operationalize the political majority's missions. It can sometimes differ from my own opinion. (Head of department 4, DC)

One of our respondents also pointed at the role of the committee manager to convey professional views:

I feel that a good relationship between our SC manager and the mayor of our division is important and that the manager is not afraid. A frightened manager does not have the courage to suggest things and then the politics might just give orders, 'Do this. Do that. There must be a dialog so that we, the civil servants, can ask the manager to talk to the politicians and tell them that 'We should change this' and then get an approval from the politicians. (Head of department 1, SC)

Another respondent pointed out that political will might not always be in line with professional opinions:

It is important that there is a mutual respect. We are not the ones making the decisions but we are charged with presenting a good basis for decision-making. There are questions that are politically biased and then it might not be about what is most suitable. [...] The decision sends a signal rather than being the most efficient decision. [...] This is within the political domain, even if there are equally convincing arguments for another solution. From a civil servant perspective you present a statement but it is not you making the decision (Head of unit 7, CiEO)

A third respondent combined these two things:

Today when we write our official statements we write them on basis of the current majority. I did not use to be like this. It was different before, and this in an important comment. Today we are aware of whom we are writing our propositions for, be it something as simple as a statement for a government referral or the big

operational plan for the whole year. We write so it will suit the current majority. It was not like this when I started working as a higher-level civil servant. Previously you wrote statements based on investigations you had done, the knowledge and the facts you had. If I did that today, my SC manager would, out of tradition and pure self-preservation, never hand over that kind of 'faulty' official statement. 'Rewrite. Write for the majority'. That is something completely different than building a case on neutral facts. And I perceive this as one of the biggest changes.
(Procurement coordinator 9, DC)

4.3. Effects of procurement on civil servant work

A general insight, provided by our civil servant respondents, is that procurement has been working well and that they are satisfied with both the execution and the results provided by the contracted companies. The long period of political favour of external procurement in the CC may explain this. It has enabled civil servants to gather experiences and develop work routines. The different procurement tasks within the municipality have been refined over time and the civil servants have learned how to work with external companies. When asked if the procurement process enables the best possible procurement result, one of our respondents replied:

Absolutely, since we only hire companies that we have the ability to manage. We have worked with this since 2002 and thus we have got routines. [...] So we have developed it. (Head of department 1, SC)

According to respondents working with elderly care, external procurement has led to a development of the services provided by the municipality to their senior citizens. It has also developed in-house services to be improved through mutual learning on best practices between the municipality and the external providers of services.

By reviewing parts of the tender documents you can have a quality enhancement within procurement and when this is done in procurement you can also achieve it in your own operations [...] We never would have been able to do so much for the individual, qualitatively, that we have done with procurement, and not in such a short time-period for that matter. (Head of department 6, DC)

We found that time also seemed to be an important factor when it came to procurement quality. The tendering process has forced civil servants to work with job descriptions and to formalise the content of services purchased, a challenge in itself:

They changed for example, I do not remember when, in conjunction with the reform to procure centrally, to procure with a set price, so called quality procurements. [...] In the beginning it was the economy that was very much in the forefront and the quality aspect came secondary. This was not only because of the economic focus but we were not good at writing specifications of the 'softer' values. This, I believe, has developed during the years and we have actually become better at formulating demands about quality and to describe it in procurement specifications. (Head of department 4, DC)

In addition to this, our respondents also acknowledge some downsides with a strong focus on procurement. The number of service providers has grown to be quite large within the elderly care due to the LOV legislation (Head of department 1, SC). As long as home help service providers meet the City's purchasing criteria's, the legislation does not allow for capping the number of providers, affecting the ability to monitor execution and quality of the services provided. Similar effects have occurred within labour market training (Procurement coordinator 9, SC).

Within the new political majority there have also been concerns about the quality aspect with regards to the quality measurement technique used as well as the possibility to receive unbiased user surveys.

There is essentially a big problem with the private sector. One is the inability to make overall municipal plans and the other is that there really seems not to be any good quality norms. [...] Naturally, you can perform user surveys and similar, and they are done, but they easily tend to be general and then sometimes, the relatives fill in the survey forms and also even the staff. (Politician 11, DCB)

5. Analysis of empirical findings

We begin this section by recapitulating four premises for our study and also our research question. After that we use our theoretical framework, previously presented in section 2.5 and figure 4, to analyse our empirical findings on how MBO is affected by the bargains between politicians and civil servants.

5.1. Basic assumptions on municipal management

Our study is based on the premises that;

- the ultimate governing of goals and missions should be decided by the politicians (Stockholms stad, 2014k);
- the paradox of centralising and strong decentralising tendencies within NPM are present in public administration (Christensen & Lægreid, 2001; Gruening, 2001; Hood, 1991);
- that management such as MBO has been suggested as a suitable management technique (Greenwood, 1981; Rodgers & Hunter, 1991) that allows politicians to formulate the goals and to set the overall agenda following the inherent principal-agent assumption;
- and that the relation between politicians and civil servants consists of explicit and implicit bargains (Schaffer, 1973; Hood, 1991; Hood & Lodge, 2006) where the politicians are willing to surrender some of their power in order to gain the civil servants knowledge and loyalty.

This enabled us to problematise the management relation between politicians and civil servants and to propose the research question: How does bargains between politicians and civil servants, working with procurement, affect Management by Objectives?

5.2. PSB and the relation between politicians and civil servants

Referring to section 2.4, table 2 and our empirical findings, we are able to categorise the relation between politicians and civil servants in the City of Stockholm into the main group of Pragmatic type of bargains, as also Hood (2000b) have previously done at the state level in Sweden. Our main argument for this statement is that the civil servants work *for* the politicians and because they are not acting as a separate decisive entity that is parallel to the politi-

cal power and politicians within the municipality. However, we find it more difficult to categorise the municipality into a decisive Pragmatic bargains sub-group, which suggests that the concept is in need of further development to heighten its usability. As the different groups are not mutually exclusive (Pollitt & Bouckaert, 2011, p. 6), the bargains between politicians and civil servants within the City of Stockholm can be categorised into more than one sub-group.

5.2.1. Competence

We find that our respondents' competence can be categorised in two groups. Firstly, the practical and professional skills and knowledge they possess on procurement and MBO, and secondly their ability to interpret and conform to the current political will. Politicians in the SCBs and DCBs have to rely on civil servants' knowledge and professional judgement to be able to make well-informed decisions at their board meetings. The civil servants that we have met are in turn well informed about the current political agenda and they refrain from making proposals that do not conform to the political will. In addition, top civil servants in the SCs and DCs also function as gatekeepers, restricting any official statements produced by civil servants that are not conforming to the current political will. Furthermore, we find that the civil servants may use their knowledge to prevent politicians from suggesting political propositions that are not in line with rules and regulations or simply because they are not practicable.

5.2.2. Loyalty/Responsibility

Civil servants perceive themselves as independent in relation to politics but also loyal to the decisions made by the political majority and to the municipality. However, our empirical findings suggest that civil servants are loyal only to a certain point. When it comes to political suggestions that may risk to breach current municipal regulations or laws, we find the civil servants to express their concerns and refrain from acting on the current political will. It also appears that civil servants do not act on decisions or wishes made by individual politicians, but rather only to the decisions made by the different boards in the SCBs and DCBs. Loyalty is also found in the official statements for decision-making because they are developed and written in line with the current political will. Civil servants are thus foremost loyal to the group of directing politicians, but also to the municipality, should not the politicians acknowledge current imminent needs or regulations. Loyalty can also be seen as accepting

responsibility for decision-making and blame (Hood & Lodge, 2006, p. 22). However, public blame is only directed towards the politicians and we find only operational accountability and responsibility delegated to civil servants.

5.2.3. Rewards

Civil servants are rewarded through salaries that are based on a monthly fixed income with some minor health care contributions, but without any bonus systems. Further, we have found our respondents to appreciate the City of Stockholm as a good work place and that the employer offers great job security with good career possibilities. However, the reward aspect as bargains between politicians and civil servants seem though almost absent. According to Hood and Lodge (2006, pp. 64-65), rewards should be exchanged between politicians and civil servants in the form of money or a possibility to receive permanent tenure, which is not the case in this organisation. Nonetheless, politicians are able to informally suggest that certain individuals within the organisation should be replaced or given another assignment should they not work in line with the politicians' mission. Hence, politicians in the City of Stockholm have refrained the formal power to hire and fire civil servants but retained some informal possibilities to intervene within the civil servant organisation.

5.3. How PSB affects MBO

The definition of MBO states that there should be cooperation in defining goals, participation in decision-making and objective managerial feedback (Rodgers & Hunter, 1991). We find that rather than through collaboration, the political ambitions in the CC lay the fundamental goals for the municipality, but the goals are then operationalised by the civil servants to be practically useful in the organisation. These reworked goals are then formalised through decisions in the different SCBs and DCBs within the municipality and carried out by the civil servants. The outcome and results of the decisions are mediated back through the civil servant organisation to the politicians. Thus, civil servants use their competence to affect both the goal setting and the follow-up. Because of this implicit management opportunity, civil servants are able to affect the goals and MBO by using their superior knowledge on procurement and day-to-day activities to influence political decision-making. Here Soudry (2007) raises concerns from a principal-agent point of view. If civil servants are not made accountable for their actions and the political control is lax, it may induce civil servants to propose goals and

make agreements that are not favourable for the politicians or for the society. However, ex-ante control (Soudry, 2007) is in place through the ILS management system but this is mainly created by the civil servant organisation to control its own functions and to direct and monitor individual goals and purchasing behaviour. We believe that politicians, because of their limited time to be updated on every detail, may therefore implicitly trust the ILS system to provide for the management and monitoring of the civil servant organisation. Tiili (2007) argues that politicians tend to focus on specific cases and to not willingly define general goals or to set priorities that are not realised in the immediate future and therefore deflecting a strategic role in management. We acknowledge that her findings may be relevant also in this case as one of our respondents (Politician 11, DCB) suggested that MBO is something that civil servants occasionally use as a defence tool. However, our study lacks more comprehensive empirical material to draw any conclusions from this notion.

We agree with previous findings that the paradox of NPM prescribing simultaneous centralisation and decentralisation (Christensen & Lægreid, 2001), and that the separation of politics and administration connected to decentralisation (Gruening, 2001) contribute to a distance between the actors. However, we also find that the MBO brings the actors closer together through knowledge-based trust that is based on the notion that the actors have sufficient information about each other's behaviour and intentions. This is supported by our findings that civil servants know and acknowledge the "rules of the game" in public administration and thus recognise the benefits of calculus-based trust, being trustworthy and trusting each other (Lewicki & Bunker, 1996; Van de Walle, 2011). Hence, we have found the civil servants to be loyal, both to the political will, as well as towards the municipality and we find the presumed principal-agent relation between the actors to be more of a cooperation of mutual interests where politicians trusts the civil servants to act in line with the goals that are decided upon. This dyadic principal-agent relation (Waterman & Meier, 1998) enables civil servants to formulate goals that are accepted by the politicians as long as they are in line with the overall budget. This also implies that the assumption of maximisation of individual benefit from the theories on strategic behaviour and game theory is relaxed as the cooperation works for a common good (Waterman & Meier, 1998). Furthermore, we suggest that, because civil servants have a considerable ability to influence the MBO, it counteracts the distrust between politicians and civil servants that is recognised by Christensen and Lægreid (2001).

In conclusion, we suggest that the PSB affect the formal structure of MBO by introducing an implicit influence on how goals within the organisation are formulated through the use of the civil servants professional competence and loyalty, but also their knowledge on political aims. The reward aspect is though, to a lesser extent, present in the bargain, as we previously have found the reward aspect to be almost absent. From a civil servant perspective, we suggest that this dimension is mediated through the good workplace that provides for secure employment conditions. Considering these findings, we suggest that the overall MBO also affects the politicians as presented in figure 6.

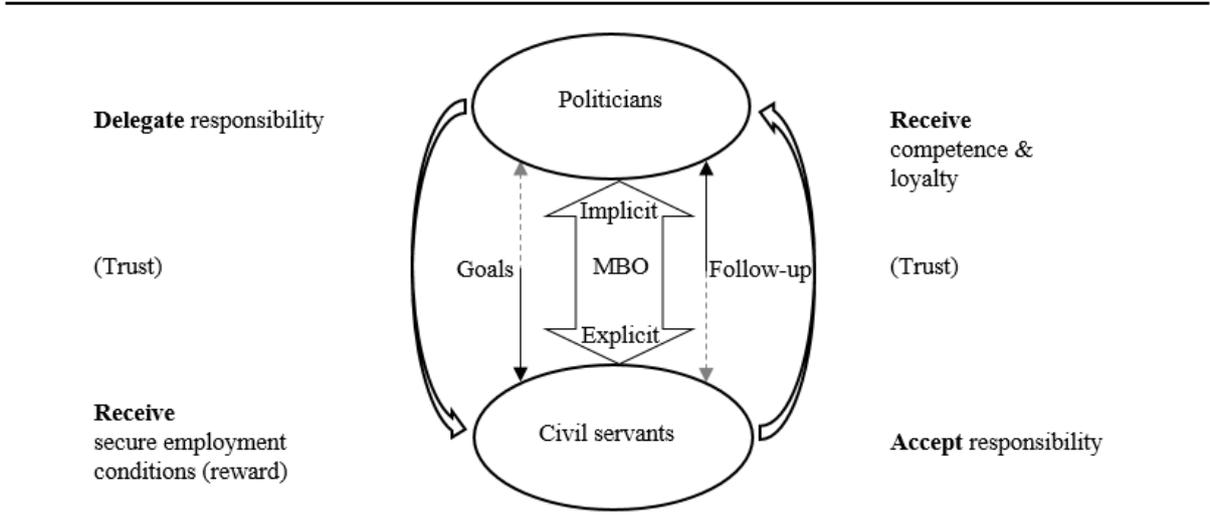


Figure 6. How PSB affects the MBO in the City of Stockholm

Finally, although MBO is used to mediate the management gap between politicians and civil servants, our findings suggest that MBO, in such, and the implicit PSB bargains, does not provide any solutions to the spectrum of *what* and *how* issues that continuously are present in procurement of public services (Almqvist, Catasús & Wällstedt, 2014).

6. Conclusions

In this study we investigate how the relationship between politicians and civil servants, working with public procurement, affects Management by Objectives (MBO). This has been prompted by partially contradicting premises. In a representative democracy politicians are assumed to possess the power to decide as well as the responsibility over decisions made. The NPM concept, which has strongly influenced contemporary public management reforms, advocates a separation of politics and administration (Gruening, 2001) and is often seen as promoting decentralisation. It also has parts of its roots in the principle-agent assumption, which implies a need for centralisation to refute unwanted behaviour of civil servants with different self-interest, thus creating a paradox (Christensen & Lægreid, 2001). MBO offers one way for politicians to manage the civil servants (Tiili, 2007) but with the concept of Public Service Bargains (PSB), Hood (2000a; 2000b) and Hood and Lodge (2006) suggest that the relationship is formed through bargains between the actors. This implies that civil servants are able to influence politicians through those bargains and in extension the MBO system, which is intended as a tool for politicians to manage and control civil servant work.

By using a theoretical framework where we analyse MBO through the three PSB dimensions competence, loyalty/responsibility and reward we have performed a case study in the City of Stockholm. Our findings indicate that bargains take place between politicians and civil servants in this municipal setting and that those bargains affect the formal structure of the MBO system. Most prominent, in our opinion, is the competence dimension, consisting of both professional knowledge as well as knowledge of political aims. Loyalty towards the political majority of the day as well as to the municipal is also evident, however only to such extent as to be in line with current rules and legislation. The reward dimension is almost absent in our case and only occurs as an ability of informal influence from politicians over civil servant positions. In summary, our findings show that civil servants are able to substantially influence political decision-making, thus in practice relaxing the strong principal-agent assumption.

Along with the previous findings of the paradox within NPM, claims have been made that it may create mistrust between politicians and civil servants (Christensen & Lægreid, 2001). Given our empirical findings, we suggest that the dyadic principal-agent relation (Waterman & Meier, 1998) as well as the creation of knowledge-based trust (Lewicki & Bunker, 1996;

Van de Walle, 2011) through the MBO system counteracts Christensen and Lægreid's (2001) concern.

From a theoretical perspective, our research contributes to the field of public administration by showing that the concept of PSB is a useful tool for analysing the relationship between civil servants and politicians. It has enabled us to take a broader consideration regarding institutional design and *modus operandi*, called for by Eymeri-Douzans and Pierre (2011). We have also been able to categorise our case, the City of Stockholm, into Hood's (2000b) Pragmatic bargains type, but find it difficult to pinpoint it into one of the sub-categories. Therefore we suggest that further developments are necessary to heighten the usability of the concept as a typology. Even so, we believe that the three PSB dimensions, extensively described by Hood and Lodge (2006), provide valuable insight when analysing the intra-organisational relationship within the public sector.

6.1 Further research

We have briefly touched upon two issues that may have important implications for the relationship between civil servants and politicians, thus requiring greater attention than we were able to provide, due to the scope of this study. The first issue concerns the type of dual decentralisation that our case organisation exemplifies; decentralisation from central to local political functions, as well as from politicians to civil servants. Is it possible that this setup may magnify challenges in decentralised public administration? The second issue is more closely related to procurement and follow-up of services performed by private providers. We have observed that civil servants are charged with the mission of following-up services provided by external suppliers, and that politicians in turn, follow-up the work of the civil servants. Is there a risk with this multi-level reporting that civil servants become biased towards reporting good performance of external providers in order to improve the results of their own work? We call for future researchers to investigate challenges associated with these two issues.

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Appendix A: Dictionary and Abbreviations

English – Swedish Dictionary

City Council – Kommunfullmäktige

City Executive Board – Kommunstyrelsen

City Executive Office – Stadsledningskontoret

Council of Mayors - Borgarrådsberedning

District Council - Stadsdelsförvaltning

District Council's Board – Stadsdelsnämnd

Division – Rotel

Integrated Management System – Integrerat ledningssystem (ILS)

Mayor – Borgarråd

Official statement – Tjänsteutlåtande

Specialist Committee – Fackförvaltning

Specialist Committee's Board – Facknämnd

Tender documents – Förfrågningsunderlag

Abbreviations

CC – City Council

CEB – City Executive Board

CiEO – City Executive Office

DC – District Council

DCB – District Council's Board

MBO – Management by Objectives

PSB – Public Service Bargains

SC – Specialist Committee

SCB – Specialist Committee's Board

Appendix B: Doctrinal components of NPM

Doctrinal components of New Public Management as presented by Hood (1991)

| No. | Doctrine | Meaning | Typical justification |
|-----|--|--|--|
| 1 | 'Hands-on professional management' in the public sector | Active, visible, discretionary control of organizations from named persons at the top, 'free to manage' | Accountability requires clear assignment of responsibility for action, not diffusion of power |
| 2 | Explicit standards and measures of performance | Definition of goals, targets, indicators of success, preferably expressed in quantitative terms, especially for professional services | Accountability requires clear statement of goals; efficiency requires 'hard look' at objectives |
| 3 | Greater emphasis on output controls | Resource allocation and rewards linked to measured performance; breakup of centralized bureaucracy-wide personnel management | Need to stress <i>results</i> rather than <i>procedures</i> |
| 4 | Shift to <i>disaggregation</i> of units in the public sector | Break up of formerly 'monolithic' units, unbundling of U-form management systems into corporatized units around products, operating on decentralized 'one-line' budgets and dealing with one another on an 'arms-length' basis | Need to create 'manageable' units, separate <i>provision</i> and <i>production</i> interests, gain efficiency advantages of use of contract or franchise arrangements <i>inside</i> as well as outside the public sector |
| 5 | Shift to greater <i>competition</i> in the public sector | Move to term contracts and public tendering procedures | <i>Rivalry</i> as the key to lower costs and better standards |
| 6 | <i>Stress on private-sector styles of management practice</i> | Move away from military-style 'public service ethics', greater flexibility in hiring and rewards; greater use of PR techniques | Need to use 'proven' private sector management tools in the public sector |
| 7 | Stress on greater <i>discipline</i> and <i>parsimony</i> in resource use | Cutting direct costs, raising labour discipline, resisting union demands, limiting 'compliance costs' to business | Need to check resource demands of public sector and 'do more with less' |

Appendix C: Municipal goals 2011-2015

The previous majority had three main goals defined in the municipal budget for the period 2011-2014. By 2013 they changed the vocabulary form, from a state of striving to achieve a goal to define orientation goals that are achieved. For the budget years 2013 and 2014, the three orientation goals were (Stockholms stad, 2014i):

- Stockholm is an attractive, safe, accessible and growing city for living, entrepreneurship and visits.
- Quality and freedom of choice develops and improves.
- The City's functions are cost effective.

After the elections 2014, the new majority have proposed a budget for 2015 with four orientation goals (Stockholms stad, 2014j):

- **A Stockholm that keeps together** where all children are given the same possibilities to achieve educational goals, there are housings at reasonable rents, the elderly are guaranteed a safe aging and where equality, parity and accessibility is self-evident.
- **A climate smart Stockholm** where bicycles, pedestrians, and public transportation shall be prioritised. An effective and climate smart transportation system is combined with a higher share of renewable energy. Children are guaranteed a poison-free every day and more ecological food is served in the City's operations.
- **An economically sustainable Stockholm** where the responsibility for the City's economy is combined with actions for a better working labour market, where the rights to jobs, education and housing are fundamental.
- **A democratically sustainable Stockholm** where the human rights are reinforced, discrimination is counteracted and all residents are guaranteed the same rights and opportunities.

(The authors have translated the goals)

Appendix D: Interview guide civil servants (in Swedish)

Bakgrund (Syfte: används till att plotta in position i PSB-spektrat)

- Vad har du för utbildning?
- Vad har du gjort tidigare?
- Hur länge har du arbetat här i din nuvarande roll?

Intervjupersonens roll (Syfte: plottning; fastställa lojalitet, kompetens/ansvar, belöning)

- Vad är din roll på förvaltningen?
- Vilka är dina primära arbetsuppgifter vid beställning/upphandling?
- Vilken befogenhet och ansvar har du för din arbetsuppgift? Är detta skriftligt dokumenterat?
- Vem är din chef? Organisatoriskt/tekniskt/praktiskt?
 - Hur styrs ditt arbete i praktiken? (Tjänstemannastyrning och/eller politikerstyre?)
- Har du personalansvar?
 - Har du möjlighet att delegera ansvar och/eller uppgifter?
 - Svarar du för uppföljning?

Intervjupersonens position/tjänst (Syfte: plottning; fastställa lojalitet, kompetens/ansvar, belöning)

- Hur tillsätts din position? (Av tjänstemannaorganisationen eller av styrande politikerorganisationen?)
- Är tjänsten tillsvidare eller är den tidsbestämd?
- Är lönen prestationsbaserad eller fast?
 - Ingår inslag av bonussystem?
 - Vad baseras dessa på?
- Möjlighet att avancera?
- Hur tar du del av direktiv/styrning ifrån ledningen (politikerna i nämnden)? Skriftligt/muntligt/via förvaltningschef?
- Innebär dina arbetsuppgifter att du styrs med hjälp av uppsatta mål/förväntade resultat på individnivå/på annat sätt? Skriftligt/muntligt? Beskriv kort vad målen/resultaten innebär.
 - Hur följs målen upp?
- Hur stor bestämmanderätt har du över ditt arbete? Hur stort handlingsutrymme upplever du?
 - Utforma eget arbete? Utforma hur politiska mål ska uppfyllas?
- Har du en rådgivande roll gentemot politiker?
- Hur stor påverkan har du på budgeten när den ska läggas?
- Anser du din tjänst som opolitisk?

Tjänstemannaorganisationens roll (Syfte: plottning; fastställa lojalitet, kompetens/ansvar, belöning)

- I (upphandlings)organisationen, styrs ni med hjälp av uppsatta mål/förväntade resultat/på annat sätt?
 - Hur följs målen upp?
- Finns det tjänstemän i er organisation som är politiskt tillsatta eller har politisk bakgrund?

- Hur påverkas din möjlighet att fullgöra uppdraget på ett professionellt sätt utav det politiska ledarskapet och samspelet mellan er?
- Ansvarsfördelning mellan politiker och tjänstemän. Faller något ansvar på tjänstemannaorganisationen?
- Upplever du att politiker, vars uppgift snarare kan sägas vara att sätta mål, ta ansvar för styrsystem och följa upp målen, går in och detaljstyr verksamheten/går in i verkställighetsfrågor?
- Hur stor möjlighet har (upphandlings)organisationen att påverka budgeten när den ska läggas?
 - Hur styr budgeten arbetet när den är lagd?
- Hur kommuniceras vilka områden/frågor som ska prioriteras?
- Hur sker uppföljning av resultat på inköpta tjänster, såväl ekonomiskt som utfallsmässigt?
- Finns det (formaliserade) etiska riktlinjer för ert verksamhetsområde?

Upphandlingsprocessen (Syfte: få ett praktiskt exempel på hur styrningen fungerar)

- Vem identifierar behovet? Politiker/tjänstemän?
 - Vad bestämmer vilken inriktning som väljs, offentlig eller privat driven verksamhet, eller både och?
- Hur ser upphandlingsorganisationen ut?
 - Hur sätts expertteamen ihop inför upphandling, kriterier?
- Påverkar politikernas mål/politiska ambitioner upphandlingens innehåll?
 - Har detta förändrats över tid/vid olika politiska styren?
- Hur formaliserad är upphandlingsprocessen? Policys, skrivna rutiner m.m.
 - Skiljer sig arbetssätten åt beroende på vad som ska upphandlas?
 - Hur självbestämmande är tjänstemannaorganisationen vad gäller innehåll/utformning av processen?
 - Var ser du störst möjlighet för er att påverka upphandlingsförfarandet?
- Hur mycket hänsyn tar man till befintliga styrdokument, t.ex. upphandlingspolicy, program för kvalitetsutveckling, i det dagliga arbete?
- Hur upplever du, i din roll, LOU?
 - Utformningen och syftet med lagen?
 - Hur lagen används i praktiken?
 - Är den ett stöd/ till hjälp eller ett hinder?
 - Upplever du ett fokus på att uppfylla lagen snarare än hänsyn till övergripande/långsiktiga mål?
 - Hur prioriterar du/ni mellan affärsmässigt tänk och juridiska aspekter?
- Lämpar sig LOU för era (tjänste)inköp?
- Har du/din yrkesgrupp möjlighet att påverka förändringar i LOU?
- Hur upplever du att nuvarande organisationsutformning samt upphandlingsprocess möjliggör för upphandlande myndigheter att nå bästa möjliga upphandlingsresultat?

- Enligt NPM teorin så skall beställaren redogöra för vad som skall göras och utföraren skall definiera hur man ska gå till väga. Hur uppfattar du denna uppdelning och vad får ni för direktiv? Detaljstyrning? Omvandlas vad-perspektivet till ett hur-perspektiv i upphandlingsprocessen?

Förändringsförslag (Syfte: att kunna jämföra mot argument i vetenskapliga debatten)

- Önskar du att uppdrag ska tydliggöras och formaliseras i större/mindre mängd?
- Skulle en tydligare ansvarsfördelning kunna bidra till ökad effektivitet och kvalitet?
- Hur tycker du att utformningen av upphandlingen kan förbättras utifrån leverantörens förmåga att komma med smarta lösningar?
- Vad finner du är de största utmaningarna i upphandlingsprocessen?
 - Vad är det största utmaningarna i uppföljningen av avtalen/kontrakten?

Avslutning

- Är det någonting övrigt som du skulle vilja ta upp?
 - I rollen som upphandlare?
 - I rollen som tjänsteman?
 - Rörande relationen tjänstemän/politiker?

Appendix E: Interview guide politician (in Swedish)

Bakgrund

- Vad har du gjort tidigare?
- Hur länge har du varit politiker? Och i din nuvarande roll?

Intervjupersonens roll (nämndarbetet)

- Vad är din roll på nämnden/nämnderna?
- Har du några bestämda ansvarsområden?
- Vilken befogenhet och ansvar har du i din roll? Är detta skriftligt dokumenterat?

Intervjupersonens roll gentemot tjänstemän (formellt)

- Hur styr ni tjänstemännen?
 - Finns det direktiv, skriftliga, muntliga, delegerade ansvarsområden?
- Hur tar du del av tjänstemännens underlag?
 - Muntligt, skriftligt?
 - På vilka sätt har du kontakt med tjänstemannaorganisationen?
- Hur skaffar du dig kunskap om beslut som ska tas?
 - Hur väl anser du dig insatt i ämnen du skall besluta om?
 - Till hur stor del förlitar du dig på tjänstemännens kompetens i frågor?
- Har ni möjlighet att påverka hur tjänstemannaorganisationen ser ut?

Intervjupersonens uppfattning om mål för verksamheten (formellt)

- Hur fastställer ni era mål för verksamheten (*vad* som ska göras)?
 - Påverkar tjänstemännen dessa mål och i så fall hur?
 - Händer det att målen förändras under budgetåret?
- Hur kommuniceras vilka områden/frågor som ska prioriteras?
- Hur stort bestämmande/inflytande har ni över det kommunala budgetarbetet?
 - Hur stor möjlighet har tjänstemannaorganisationen att påverka budgetarbetet?

Intervjupersonens uppfattning om målstyrningen för verksamheten (informellt)

- Hur stor möjlighet har ni att påverka/anpassa målstyrningen (*hur* mål ska uppnås)?
 - Vilken påverkan har tjänstemännen själva på målstyrningen?
 - Upplever du att ni har möjlighet att styra tjänstemännen?
- I NPM anges att graden av professionalisering anges av hur autonoma tjänstemännen är. Kan du beskriva om det finns några beslutsområden som är delegerade till tjänstemannaorganisationen?
- I vilken mån upplever du att ni måste detaljstyra mål och detaljstyra verksamheten eller gå in i verkställighetsfrågor?
- Finns det (formaliserade) etiska riktlinjer som styr verksamheten?

Intervjupersonens uppfattning om effekter och uppföljning av verksamheten (informellt)

- Hur sker uppföljningen av fastställda mål?
 - Muntligt, skriftligt?
 - Upplever du att tjänstemännens är lojala mot uppställda mål?
- Hur sker uppföljning av själva resultat, alltså ekonomiska såväl som utfallsmässiga effekter?
- Påverkar uppföljning av tidigare mål utformningen av nya mål?

Upphandlingsprocessen (Syfte: få ett praktiskt exempel på hur styrningen fungerar)

- Upplever ni att politiska mål och ambitioner speglas i upphandlingars innehåll?
 - Har detta förändrats över tid/vid olika politiska styren?
- Vem identifierar behovet? Politiker/tjänstemän?
 - Vad bestämmer vilken inriktning som väljs, offentlig eller privat driven verksamhet, eller både och?
- Är den politiska delen av upphandlingsprocessen formaliserad? Policys, skrivna rutiner m.m.
 - Skiljer sig arbetssätten åt beroende på vad som ska upphandlas?
 - Hur självbestämmande är tjänstemannaorganisationen vad gäller innehåll/utformning av processen?
 - Var ser du störst möjlighet för er att påverka upphandlingsförfarandet?
- Upplever du att tjänstemannaorganisationen tar hänsyn till befintliga styrdokument som upphandlingspolicyn och program för kvalitetsutveckling?
- Upplever du att ni detaljstyr frågor i förfrågningsunderlag och avtal och i så fall på vilket sätt?
- Hur upplever du lagstiftningen rörande upphandling (LOU, LOV)?
 - Kan lagstiftningen försvåra/förhindra vissa politiska ambitioner?
 - Upplever du att lagstiftningen är så komplex att den "stjäl" fokus från uppfyllande av övergripande/långsiktiga mål?
- Hur upplever du att nuvarande organisationsutformning samt upphandlingsprocess möjliggör för upphandlande myndigheter att nå bästa möjliga upphandlingsresultat?

Förändringsförslag (Syfte: att kunna jämföra mot argument i vetenskapliga debatten)

- Vad finner du är de största utmaningarna i samarbetet med tjänstemännen?
- Vad finner du är de största utmaningarna i upphandlingsprocessen?
 - Vad är det största utmaningarna i uppföljningen av avtalen/kontrakten?
- Önskar du att uppdrag ska tydliggöras och formaliseras i större/mindre mängd?

Avslutning

- Är det någonting övrigt som du skulle vilja ta upp?
 - I rollen som politiker?
 - Rörande relationen politiker/tjänstemän

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