Centralisation and specialisation in Swedish public administration

One central and distinctive feature of Swedish public administration is the autonomy of government agencies operating at arm’s length from their ‘home’ ministries. To Swedes, this separation of policy-making and administration is no NPM idea: we have practised it for centuries. There are probably few reform processes at agency level that have exerted such an impact both on governance and on society at large as the recent transformation of the Swedish Social Insurance Agency (Försäkringskassan). The new Agency, launched in 2005 to supersede the previous 21 geographically dispersed offices, is responsible for much of the social security system. This Agency’s evolution into a more concentrated organisation is by no means unique: several other Swedish agencies, such as the Tax Agency and the Customs, have developed similarly in recent years. The rhetoric on the rationale for these reforms has also been the same. The aim has been to make these complex organisations more manageable, in order to foster efficiency and safeguard legal security. Soon after the Social Insurance Agency’s initial reform, it implemented several other reforms as well. The Swedish Agency for Public Management (Statskontoret) has been assigned by the Swedish Government to study these changes, and our paper is based on extensive qualitative data, collected on a longitudinal basis since 2005. The empirical sections of the paper are balanced by theoretical discussions centred on autonomy and control.

In this paper we highlight some of the more relevant findings from the reform period at the Social Insurance Agency. We argue that the tendencies reflected in the data also characterise several other Swedish agencies and may have a bearing on the overall situation in Swedish public administration. Our assertion is that these changes largely concern centralisation and specialisation. Clearly, the organisation’s new hub can make decisions that were impossible for the former management. Centralisation has enabled case management to take place at regional and national level. Stress is often laid on the need to standardise and eliminate variations in local offices’ case management. As for the implications of centralisation, we ask what there is to lose. We discuss the drawbacks of the new, centralised organisation and more effective ways of preventing adverse effects of organisational change. We also argue that the gap between the organisation and citizens, instead of shrinking, seems rather to have widened for some parts of the organisation during the study period. The reforms, which were internally driven, mostly relate to cost-effectiveness and rationalisation.

Introduction

One crucial element in the Swedish model of public administration is the autonomous government agencies, which operate at arm’s length from their respective ministries.

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2 Swedish Agency for Public Management (Statskontoret).
Separation between formulation and implementation of policy has long characterised this country’s administration (Lundquist, 1992). Moreover, internal decentralisation in these independent agencies has been relatively common. This feature of their internal organisation has often been based on Sweden’s county divisions, but other territorial classifications have also been used. In several cases, internal organisation has not been the only aspect involved: rather, the various territorial units have had varying degrees of autonomy. The Social Insurance Agency, which is the subject of this article, is an example of an organisation whose previous regional units had a high degree of independence. Over the past ten years, the trend in Swedish public administration has been towards amalgamation of these regional units. The Swedish Tax Agency, the Swedish Forest Agency and the Swedish Customs Service are examples of agencies that formerly consisted of several independent elements and are now united in a new form of single, integrated agency. The term ‘mono-agency’ is used (like its Swedish counterpart enmyndighet) to emphasise the new, more unified form of organisation. Accordingly, the Social Insurance Agency’s evolution into a mono-agency is no isolated phenomenon: rather, it may be seen as part of a broader trend.

The new Social Insurance Agency was formed on 1 January 2005. The 21 Social Insurance Offices and National Social Insurance Board (RFV) were simultaneously abolished. Coupled with other, similar reforms, this structural metamorphosis of regional agencies into a mono-agency has helped to bring about a sharp reduction in the number of central government agencies. In 1990 there were 1,394 agencies; by 2007, the number had fallen to 4783. The only ‘multi-agencies’ (myndighetskoncerner), in which regional or local agencies are governed by a central agency, that remain in Sweden today are the police, the courts and the public archives. In these areas, too, structural reforms have been discussed.

In this article, interest focuses on the new preconditions created by the emergence of mono-agencies and the organisational implications of this trend. With reform initiatives in the Social Insurance Agency as our springboard, we discuss repercussions on management, employees and citizens alike. Our ambition has been to elucidate and problematise the Agency’s reform work in depth, with no attempt to assign value to different parts of the reform process.

In an international comparison, these ongoing Swedish reforms appear somewhat deviant. ‘New Public Management’ (NPM) is an umbrella term used to describe the modernisation of public administration in a number of countries, notably the Anglo-Saxon ones (Hood, 1991). Typical characteristics of these reform efforts have included the development of more market-type models and greater confidence in rational performance management. In many countries, there have been attempts to create more autonomous agencies, in which the management can be controlled by means of clearly worded contracts (Hogwood, 1994; Peters & Pierre, 2000). Thus, we have seen attempts to hive off parts of the large ministries that formerly dominated the organisational landscape and to give these hived-off entities a more autonomous status. This tendency is entirely comparable to the situation that has so long prevailed in Sweden, where appropriation directions may be said to resemble contracts drawn up between principals (ministries) and agents (agencies). The latter often lack the long experience and many of the more subtle forms of governance historically mastered in Swedish public administration. On the international scene, we also see that many countries choose to reinstate control over their agents and incorporate them into the original form (Talbot & Johnson, 2007). Despite the dissimilarities, we nonetheless believe that the Swedish reforms have the

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potential to tell us something about the tension between centralisation and autonomy that that may also be relevant to the current international discussion.

Similarly, we seek to argue that it may be difficult to draw close parallels with the existing stock of knowledge about amalgamations and mergers in the private sector (see, for example, Napier, 1989 and Hellgren et al., 2004). It may, of course, be asserted that in both cases organisations with different cultures are combined. Moreover, it is valid to postulate that in both cases new scope for individuals is created, with all this involves by way of the territorial mentality, reluctance to change and uncertainty. But in one essential respect the circumstances differ. In the case of the Social Insurance Agency, what occurred is an amalgamation of a number of different units that had already, for some time, been engaged in the same activities and subject to the same regulations and political constraints. To our way of thinking, this restricts scope for comparisons with mergers in the private sector.

**Starting points of this study**

The task of describing, analysing and evaluating organisational changes is difficult, since the reforms have many facets, each of which is complex, that are important to consider. Some of these facets relate to the type of change involved and the identity of the initiator. It may also be challenging to identify and demarcate the object of study. What, in fact, is the nature of a reform process? Is what the Social Insurance Agency has implemented a single reform, or would it be more advantageous to regard it as several different ones? We may add the fact that, in the course of the current period, there have also been reform initiatives more or less beyond the Agency’s control that nonetheless affect the changes in question. This is exemplified by the reforms in sickness compensation that, under the name ‘rehabilitation chain’, have become something comparable to a parallel reform. Christensen & Laegreid (2007) are of the view that reform processes in the public sector should often be treated as ‘political cases, involving political steering, external pressure, and historical-institutional constraints’. Similar experience is reported in Quist (2003), which contains an account of a longitudinal study concerning the Swedish Tax Agency’s reform process.

**Method**

This article is based on the work carried out by the Swedish Agency for Public Management on a government assignment to examine the reform of the Social Insurance Agency occasioned by the emergence of the latter as a unified mono-agency in 2005. This assignment, given to the Agency for Public Management in June 2005, is to be completed in September 2009. Within the scope of the four-year assignment, the Agency for Public Management has collected extensive qualitative material, parts of which have been used in this article.

The material used here comprises interviews with 38 people from the Social Insurance Agency’s local organisation. These interviews were conducted during autumn 2008 at three national and four local social-insurance centres, three local offices and one service office. These units were located in the metropolis of Gothenburg and three medium-sized cities: Sundsvall, Växjö and Örebro. Of the 38 interviewees, 13 were unit managers and 25 were administrators. The interviews with the latter were carried out in the form of group interviews with three administrators in each group, while the managers were interviewed separately.
Internal and external steering documents from 2003 were also examined. These documents consisted mainly of parliamentary bills, government assignments and various internal documents, such as rules of procedure and records of decisions from the governing board of the Social Insurance Agency. The documentation also included some results from the two questionnaire surveys carried out by the Agency for Public Management during autumn 2005 and autumn 2008. These surveys were addressed at all first-line managers and a representative nationwide random sample of administrators. Altogether, there were some 2,000 respondents. Their response rates were 76% in 2005 and 78% in 2008.4

The next section introduces the Social Insurance Agency’s new organisation. This is followed by the empirical part of this article, describing reform efforts in 2005–08. In this section, we attempt to specify some of the new conditions resulting from the formation of the monogency and the new organisation’s repercussions on various stakeholders. A theoretical discussion, in which we argue that the reform of the Social Insurance Agency has entailed an increased degree of centralisation and specialisation, ensues.

The Social Insurance Agency’s new organisation

In line with the trend in many Swedish banks, the Social Insurance Agency’s new organisation is based on the aim of replacing face-to-face encounters with clients at office visits, and telephone contacts with local administrators, by telephone client-service and self-service interfaces. The most characteristic features of the organisation are that much of the actual casework (‘production’) has been concentrated in fewer, larger ‘production units’ and that most clients are no longer in direct touch with the caseworkers concerned.

Case management has now been organised according to the handling processes of the various benefits. Simple benefits that are large in volume terms and require only limited client liaison are dealt with in fewer, larger production units: the ‘national social-insurance centres’ (NSICs). Examples of benefits handled at these centres are child benefit and parental benefit. There are a total of 20 NSICs in Sweden. When they were set up, the idea was that clients would be unable to engage in direct contact with the administrators working there, who were to concentrate solely on casework instead. In principle, all communication with clients was to go through the ‘Client Centre’ (see below). The strategy has since been modified somewhat, but the client liaison engaged in by administrators at NSICs remains strictly limited.

More complex benefits that require extensive client liaison, such as disability benefits and more intricate sickness benefits, are handled within the framework of 60 ‘local social-insurance centres’ (LSICs). At the LSICs, clients have access to personal caseworkers whose duties, besides administering the clients’ own benefits, also include helping them in other matters. The crucial difference between NSICs and LSICs is thus that the latter’s clients can contact the individuals handling their cases directly, while this is not feasible in the NSICs.

One repercussion of the new organisation is that the handling of certain benefits applying to the same individuals has been divided among various production units. For example, early assessment of sickness benefit takes place in the NSICs, while sickness-benefit cases that

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4 For a more complete description of the implementation of these questionnaire surveys, see the following interim reports from the Agency for Public Management: ‘The New Social Insurance Agency: Interim Report 1’ (Den nya Försäkringskassan. Delrapport 1, 2006:1) and ‘The New Social Insurance Agency: Interim Report 4’ (Den nya Försäkringskassan. Delrapport 4, 2008:19).
require more investigation are dealt with in LSICs. Moreover, cases applying to temporary parental benefit and parental benefit for the same individuals are administered at different units in the organisation of national centres.

Besides the NSICs and LSICs, there are local offices to handle visitors and cases of a more general nature. Some of these offices are run in collaboration with the Swedish Tax Agency and the Swedish Public Employment Service (PES). The Social Insurance Agency’s telephone service for clients (the ‘Client Centre’), plays a key role in the Social Insurance Agency’s new organisation. The Client Centre is the main port of entry to the Agency, by telephone and email, for all cases. Staff at the Client Centre are intended to help clients by providing information or, where necessary, transferring calls to other parts of the organisation. The procedure for this is that the Client Centre contacts an administrator at an NSIC or LSIC electronically, whereupon the administrator is supposed to answer the query within 48 hours.

Finally, the self-service facilities make up a key part of the new organisation. One purpose of these facilities is to make it easier and faster for clients to use the Social Insurance Agency’s online services to obtain information about their own cases. The intention is that, using the self-service options, clients should be able to submit particulars and gain access to basic information about current and completed cases. In the long term, the aim is to make the services available for all priority benefits. Owing to several delays and excessively high costs in the Agency’s IT activities, these facilities are not yet fully developed.

By year-end 2008 the new organisation was largely in place, but modification will continue until 2012.

**Underlying reasons for the reform**

The parliamentary bill forming the basis of the decision to form an integrated agency to administer social insurance stated that the need to reform the organisation of social insurance was primarily a matter of achieving greater clarity in management and governance issues. The 21 independent social insurance offices were formally subject to the Riksdag (Swedish Parliament), while the National Social Insurance Board (RFV) was mainly controlled by the Government. The Government’s freedom of action in governance issues was judged to be limited, and the then division of responsibilities between RFV and the social insurance offices hindered the development of activities. In the Government’s view, the offices’ existing wide variation in outcomes was due mainly to unclear leadership, governance and control. The Government also stressed that the proposed organisational reform was aimed at strengthening legal security and the emphasis on quality in handling of individual cases. This meant that equal cases were to be treated equally in terms both of handling times and of results. The objectives later formulated by the Government for the Social Insurance Agency’s reform work were a matter of enhancing efficiency and of attaining uniform application of the law and good human-resources policy.

Similar reasons have been put forward in the formation of other mono-agencies. The arguments for amalgamating the Swedish Tax Agency into a single organisation were mainly

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5 'A New State Agency for Administration of Social Insurance’ (En ny statlig myndighet för socialförsäkringens administration), Government Bill 2003/04:69.

6 ‘Assignment on Further Reform of the Social Insurance Agency’ (Uppdrag om fortsatt förändringsarbete i Försäkringskassan), S2004/9432/SF.
a matter of improving governance in the Agency, and this was to be achieved by centralising responsibilities and decision-making powers. The report\textsuperscript{7} describing the formation of a new tax agency emphasised that scope for developing new forms of governance and management was an important consideration underlying the reform. But other arguments were also used:

\textit{The purpose of the reform is to eliminate the administrative and mental obstacles to the development of activities, and to generate opportunities to make better use of existing resources than at present. The aim is to create new and better scope for legality, uniformity and efficiency, from a citizen’s point of view. (...) One of the weightiest motives is the enhanced flexibility. It is becoming considerably easier to shift work tasks, materials and decision-making rights across the country without the formal obstacles constituted by agency boundaries. (page 1)}

The then boundaries of the regional agencies evidently constituted an obstacle to central governance, which was deemed to be a vital precondition for the creation of better services for citizens and businesses.

In the case of the Social Insurance Agency, the trend towards more centralised governance has been gradual. Step by step, regional autonomy has been dismantled. The crucial step was taken with the decision to form a mono-agency from 1 January 2005, but the centralisation tendency has persisted since then. Table 1 shows the organisational changes implemented during and after 2005.

\begin{table}[h]
\centering
\caption{Organisational changes in the Social Insurance Agency, 2005–08.}
\begin{tabular}{|c|l|}
\hline
\textbf{Year} & \textbf{Organisational change} \\
\hline
2005 & * Amalgamation of 21 autonomous county agencies to form a single agency. \\
 & * Introduction of 21 insurance delegations. \\
2006 & * Decision to introduce a uniform management structure in the 21 county organisations. \\
2007 & * Discontinuation of the insurance delegations. \\
2008 & * Discontinuation of the county organisations. \\
 & * Abolition of the social-insurance committees. \\
 & * Introduction of a new structure of activities (national and local social insurance centres, local and service offices, and the Client Centre). \\
\hline
\end{tabular}
\end{table}

From the 21 independent social insurance offices the Social Insurance Agency, a mono-agency, was formed in 2005. Simultaneously, insurance delegations were set up in every county to guarantee citizens’ information access.\textsuperscript{8} The county organisation was initially retained but thought to show excessive variations in management structure, organisation, size and results. In October 2006, the Social Insurance Agency’s governing board therefore decided to impose a uniform management structure on the county organisations. The purpose of this reform was to facilitate governance of the 21 county organisations, which were seen by management as burdensome in terms of time and practicalities, by the Agency’s head office.\textsuperscript{9}

Finally, an extensive organisational change was implemented during 2008 pursuant to an internal decision by the Agency’s board. The basis of this decision was the need to rationalise the Agency’s activities and reduce the regional differences in the application of social

\textsuperscript{7} RSV report 2001:11
insurance. The changes would, it was estimated, generate financial savings of up to 20%. A further reason for the change was that the previous county-based organisation was not deemed capable of living up to the clients’ needs and demands for accessibility, information and service. With the introduction of the new organisation, the county organisations were discontinued. The county management’s responsibilities and decision-making powers were transferred to the new national management of the various client channels.

It is not only responsibilities and decision-making powers in line activities that have been transferred from regional to central level. The influence of elected representatives on the Social Insurance Agency’s activities, too, has changed during this period. The insurance delegations were discontinued in 2007 because the Government considered that responsibilities in the Agency were unclear and that the delegations entailed vague roles regarding supervision of its activities. The year 2008 then saw the abolition of the social-insurance committees, whose function had been to take decisions on certain types of benefit, such as activity compensation and disability compensation. The reason given by the Government for abolishing these committees was that the Agency’s management must be responsible for the entire range of activities, including decision-making, so that the Government could require the Agency’s full accountability for the outcomes of its work.

The overall impact of the organisational reforms of the Social Insurance Agency carried out in recent years has been to concentrate governance increasingly at central level. That a clear shift in the Agency’s decision-making has taken place is evident not only from the organisational changes implemented, but also if one studies the nature of governance in practice.

**New premises of centralised governance**

Since the mono-agency was formed in 2005, clearer and more uniform governance of the Social Insurance Agency’s activities has successively emerged. The fact that, in 2005, the Agency set up a central management function, the ‘production director’, responsible for nationwide production and performance was a signal of increased central control of activities. Other examples of this trend are the various control components introduced into the mono-agency to clarify the head office’s governance of the county organisations. This involved, for example, applying the Agency-wide scorecard, deviation reporting, more frequent internal performance dialogues, managerial agreements and individual objectives. True, some of these control components began to be used before the mono-agency was formed, but it was emphasised more heavily after 2005. One result of this clearer production control was that handling times were reduced for several benefits up to 2008.
In conjunction with the initiation of the ‘renewal programme’ in 2006, special decision-making and delegation rules of procedure was devised for this work. Under these rules, the purpose of the renewal programme was to pursue and, in collaboration with the line organisation, implement the reform work.16 The steering group for the programme included, in principle, the whole Agency management except for the Director-General. Accordingly, the formal preconditions for central control of the reform process were met.

Among managers and administrators, ever since the amalgamation into a mono-agency in 2005, there has been an overwhelmingly positive attitude towards the formation of the new Social Insurance Agency. From the interviews conducted by the Agency for Public Management during autumn 2006, it was evident that the staff understood the need to make activities more efficient, and that the clarity of governance had therefore been enhanced. At the same time, in due course, a growing number of managers and administrators were beginning to call into question the content of the strong control exerted. This included concern that the one-sided emphasis on quantitative aims, such as handling times, entailed a risk of the qualitative aspects of activities being overshadowed.17

When the new organisation was introduced in 2008, managers and employees in the local organisation expressed frustration that those who were directing the reform at central level had not listened carefully enough. The result was that certain risks cited by managers at lower levels of the organisation were not tackled centrally. The interviewees also expressed views that those who had managed the reform work lacked solid experience of the Agency’s activities. This applied, for example, to their assessment of training needs that pre-existed the launch of the new organisation: in many people’s opinion, these needs were underestimated by top management. One of the unit managers commented as follows:

_We had functioning activities and highly knowledgeable staff. Now there’s a gigantic training requirement, since so many have had to change the types of case they deal with._

Only in a few cases, in matters that had engaged large parts of the local organisation, did the management deviate from the original concept. One example concerned personal caseworkers dealing with disabled clients, who the management thought should be divided into ordinary administrators and personal caseworkers. This division was deemed impractical by many unit managers and administrators, since there was no self-evident way of dividing the work according to these two occupational roles. After hearing various people’s opinions the management finally decided to meet the local organisation’s wishes and remove the division.

The lack of a hearing perceived by the unit managers, among others, meant that they devised their own local arrangements in certain matters. For example, in some places there was a departure from notions of administrators’ occupational roles and the staff were, instead, deployed in the manner deemed most suitable on the basis of the existing workload. In-house training courses were also devised, although the management had decided that all training was to be subject to control by the head office. One unit manager expressed the following view:

_What’s happening is that the rules laid down by Head Office aren’t always followed. Not all information is provided and the unit managers arrange things in their own way._

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Another recurrent theme among managers and administrators alike was that there had been detailed control of issues that could have been subject to local control. This applied, for example, to the question of premises design. Overall, the interviewees felt that there were no opportunities for participation in the implementation of reforms.

Several unit managers also stated that control from the central level had been unclear and poorly coordinated. As a result, the local organisation periodically received many inconsistent guidelines for their work. As one unit manager expressed it:

\textit{At Head Office in Stockholm they all have their own thing that they think is really important, and they put a lot into getting information out about it. But out here in the offices we have to deal with all the stuff they send. There are so many documents that it’s impossible to read through it all.}

One positive effect of the new organisation being introduced was expressed by certain unit managers: it became easier to redistribute cases from the centre. This could, it was thought, boost client benefit since the whole organisation can help support units with heavy workloads. At the same time, others were of the view that case redistribution had been disorganised and resulted in certain cases being lost. Nor had it been easy to explain to the administrators that they should deal with cases from other parts of the country, when they already had problems finding the time to deal with their own.

**Case concentration: a double-edged sword**

The tendency to concentrate case management in fewer ‘production units’ has been under way for several years in the Social Insurance Agency.\textsuperscript{18} The clearest change in this direction took place in conjunction with the introduction of the new organisation in 2008. At that time, there were high expectations that the concentration would generate financial savings and enhance skills, as well as reinforcing legal security.\textsuperscript{19}

The existence of major differences in case management in the former county-based organisation was agreed upon by many of the managers and administrators interviewed. These differences emerged when units were amalgamated and cases taken over by new administrators. Several of the interviewees stated that they hoped that the variations in handling times would decrease, in the long run, in the new organisation. They also believed that the new organisation might, in the long run, bring about greater legal security and uniformity, since the casework is now carried out in fewer, larger units and there is now scope for governing activities in a more uniform manner. Unit managers and administrators saw, for example, advantages in devising similar training for everyone. Owing to the rapid, large-scale implementation of the new organisation in 2008, however, few people believed that any improvements in these respects had yet been achieved.

In the interviewees’ opinion, the new organisation might eventually result in improved skills on the administrators’ part. Several administrators were pleased that they were now able to specialise in their own types of case and become more skilful in dealing with the same. The administrators at NSICs also stated that they were more able to work undisturbed when they

\textsuperscript{18} See three reports from the Agency for Public Management: 2006:1, 2007:4 and 2008:19.

\textsuperscript{19} ‘Prestudy — Social Insurance Agency 2.0’ (\textit{Förstudie – Försäkringskassan 2.0}), memorandum presented at the board meeting of 18 October 2006.
were not interrupted by telephone calls. The unit managers stated that it was sometimes difficult to maintain skills in the former county-based organisation, which was based on almost all benefits being administered within each county.

Another positive repercussion of the specialisation was, according to the interviewees, that the casework probably became more uniform. One administrator in an NSIC thought, for example, that:

*One major advantage is that you now have the whole Agency to back you up. That means that you can feel more secure in your assessments these days. I know my assessments are right, and now I know that I’ve got the whole Agency behind me. That gives you a certain security.*

While many people saw advantages in the new organisation, managers and administrators alike held the view that there was a danger of the comprehensive view of the clients being eroded. The new, specialised organisation has meant, for example, that the administration of certain benefits relating to the same individuals has become fragmented. Administrators and unit managers alike expressed their dissatisfaction with this fragmentation, since it represents a risk of administration becoming more difficult and may mean that the clients perceive the organisation as unclear. One unit manager at an NSIC thought the following:

*The idea of not having to work on too many different things is a good one — working on what you’re good at. But the risk is that no one assumes responsibility for the whole picture...*

It also emerged from the interviews that the Agency’s staff and clients alike had found it hard to get hold of the right caseworkers, especially in the NSICs since, according to the organisational concept these were not intended to answer the telephone and no updated lists of contacts were available.

Moreover, it became clear that there has been tension among activities in the NSICs, Client Centre and local offices, in particular. When the NSICs did not succeed in achieving their aims and the backlog of cases grew during summer 2008, many beneficiaries of social insurance addressed their questions, and complaints that payments did not arrive on time, to the Client Centre or the local offices. In the NSICs, there were questions about the Client Centre’s expertise, which many people thought had proved inadequate while the new organisation was being established. The cases received from the Client Centre were often of poor quality, according to the NSIC administrators. The irritation aroused by these problems in the organisation reinforced the tendencies towards isolation.

The fact that communication among the various parts of the organisation did not function well also emerges from the questionnaire distributed by the Agency for Public Management during autumn 2008. In the survey, respondents were asked to state their views on the assertion that ‘communication between the NSICs, LSICs and Client Centre works well’. More than half of the administrators and 60% of the unit managers stated that they disagreed with this assertion.\(^{20}\)

One pillar of the Social Insurance Agency’s new organisation is the principle that administrators in NSICs should be able to deal with two or three types of case. The hope is that it will thereby be possible to prevent the work from becoming too one-sided. However, it emerged from the interviews that inadequate time was allowed for training, which meant that

\(^{20}\) These results apply to respondents giving 1 or 2 on a five-point scale, where the number 1 stood for ‘Don’t agree at all’.
the administrators were unable to handle more than one type of case. In some interviewees’ opinion, too, the new organisation’s specialisation was not compatible with the objective of being one of Sweden’s workplaces that most developed the employees’ skills. The work was perceived as more monotonous and less skilled than before. In certain quarters, NSICs were dubbed ‘case factories’ where a large volume of cases had to be dealt with on an ‘assembly-line’ basis. However, it was mainly staff at the LSICs and the Client Centre, not administrators at the NSICs, who expressed this opinion.

Another aspect raised by some interviewees was that excessively far-reaching specialisation may result in problems of meeting temporary workload peaks. In the previous county organisation there was greater flexibility, since each county had the capacity to provide almost every benefit. This capacity had decreased, according to the interviewees.

Another aspect of the new organisation was that it had the objective of being able to meet its clients’ needs better. In the interviews, both positive and negative views were expressed as to whether the new organisation was resulting in greater benefits to the clients. Many people who worked in LSICs, where every client has access to a personal administrator, stated in the interviews that it is good for a client to need only one contact person at the Social Insurance Agency. This clarifies the situation and avoids the awkwardness of a client being associated with several different caseworkers.

More negative views were expressed concerning the interface with clients in the NSIC organisation. There was widespread doubt among the administrators about the new channels of contact, in which clients do not normally communicate directly with administrators but are referred to the Client Centre instead. Many people who call would prefer to speak directly to experts in the area concerned, but they are not put through to such people. This communication problem was exacerbated in the new organisation by the fact that the NSIC administrators, under the centres’ directives, were not supposed to state in their letters to clients who was dealing with their respective cases.

One consequence of larger and more specialised units being introduced and administration no longer being linked to the geographical area in which the clients live is that local knowledge is lost. This was the main reason why the administration of occupational injuries was not concentrated at national level a couple of years ago. However, only a few people pointed out in our interviews that no longer possessing knowledge of the local area is a shortcoming.

Enhanced uniformity

Creating more uniform or standardised application of social-insurance benefits is a longstanding aim in the Social Insurance Agency. With the formation of the mono-agency, this ambition became more important. One element in the quest for greater uniformity has been the introduction of joint, homogeneous handling processes known as the ‘Ensa’ (an abbreviation of their descriptive name in Swedish) processes. Step by step, the Ensa processes describe how administrators should apply the various benefits. These joint processes have been drawn up over a period of several years and now exist, in principle, for all benefits. They have also been revised on a number of occasions. The extensive work of devising and introducing the Ensa processes has been managed mainly from the head office of the Social Insurance Agency.

When the Ensa processes were introduced into the new Agency, the administrators’ main impression was that they constituted a sound means of support in their work, and a majority stated that they applied these processes. The administrators also believed that the Ensa processes would bring about greater uniformity and quality in their casework. Neither the Social Insurance Agency nor any other stakeholder, however, has carried out any regular evaluation of whether application of the Ensa processes has culminated in the desired result.

One interesting observation is that, during 2008, the Ensa processes came to be used not only for the purpose of creating more uniform activities, but also to perform detailed calculations of the average handling time for each benefit. These calculations then formed the basis for the staffing of the various production units. Later in the year, when the Social Insurance Agency had problems in adhering to its budget, the management chose to remove certain stages in case management to make the work more effective. Accordingly, the Ensa processes took on a completely different meaning from that intended from the start. Among the administrators, several were concerned by the prospect of deterioration in quality when they were forced to treat certain administrative checks as a lower priority, or skip them entirely. One administrator commented as follows:

Head Office has removed certain checks temporarily, for June to September, from the priority list. But the mistakes that arise during this time will persist — they can stay in place for several years. Things have been very much like that in the Social Insurance Agency.

Reform of the Social Insurance Agency in a broader context

To elucidate an ongoing change in Swedish public administration, we discuss the Social Insurance Agency’s reforms on the basis of two concepts: centralisation and specialisation. Woven into the discussion, however, are other, closely related notions, such as autonomy, bureaucracy, coordination and standardisation.

Centralisation

As mentioned above, a structural transformation is under way in Swedish public administration, in which the number of central government agencies has been sharply reduced. One key explanation for this reduction is that, in several sectors, there has been a shift away from a county or regional structure comprising autonomous agencies, with mono-agencies being created instead. This transformation may be regarded as a form of centralisation, in the sense that powers of decision-making and action are moved from lower to higher levels in an organisation or, in other words, from the periphery to the centre. The creation of a head office with unequivocal hierarchical mandates to govern every part of the new agency represents the inception of a clearer centre from which power is derived. In this context, however, a reminder may be appropriate: Sweden’s public administration is normally regarded as decentralised in an international comparison, and what we are seeing is thus a centralisation tendency in a decentralised administration.

According to the arguments underlying the formation of several of the Swedish mono-agencies, it is clear that the former regional agency boundaries constituted obstacles to the central control that was regarded as a key precondition for creation of better services for citizens and companies. It is also arguable that the process of change that the Social Insurance
Agency is undergoing is based on a fundamental idea that centralisation affords new, improved scope for realising the policy pursued by the Government in the social-insurance sector. With a rational view, it is reasonable to assume that the new form of organisation entails increased scope for controlling its more peripheral parts from the centre.

The report describing the transformation of the Swedish Tax Agency from regional, autonomous agencies into a mono-agency states that ‘it has not been possible to find any weighty arguments against forming the new agency’ (p. 2). Nor has there been any clear alternative to the mono-agency in the Social Insurance Agency. It is not unusual for reforms to take place in pendular processes. A period of centralisation is often followed by one of decentralisation (Christensen et al., 2005). Centralisation and decentralisation may thus be usefully regarded as a continuum with ongoing movement between these two poles. Given this view, it is reasonable to assume that an organisation can gain in some respects and, simultaneously, lose something else in conjunction with centralisation. It is, for example, conceivable that increased uniformity in production processes may be attained partially at the expense of employees’ commitment. On the whole, discussions about the negative sides that centralisation may have are entirely absent from the documentation about the reform process in the Social Insurance Agency, and the risk assessments carried out were inadequate. Our view is that this is a general problem for organisations in the public sector. Political conditions and difficulties in measuring results, and thereby defining success, are probably the key causes of this inadequacy. Showing an ability to act decisively, and bringing about change, are often more important than precise impact assessments in a political context.

The reform work of the Social Insurance Agency shows how two concept pairs — centralisation and decentralisation, control and autonomy — are related. Reference was made in the introduction to this paper to the attempts, inspired by New Public Management (NPM), to create more autonomous agents hived off from the large, central ministries. This wave of decentralisation has attracted a great deal of attention from researchers from many different countries (see, for example, Pollitt et al., 2001). In slightly later references, it is often emphasised that control from the centre, as such, is lost in this kind of autonomy (Pierre & Peters, 2005) and that we are now, in several countries, seeing a regrouping (Halligan, 2007; Talbot & Johnson, 2007). If we use the same logic and study the wave of centralisation found among Swedish agencies, we see various forms of reduced autonomy. In the Social Insurance Agency’s case, everything from staffing and work procedures to the nature and design of premises has been prescribed from the centre of the organisation. It is not self-evident that centralisation reduces local autonomy in every dimension (Verhoest et al., 2004), but our view is that, in this case, few areas are left untouched by the Agency’s management.

Specialisation

The idea of effecting concentration in certain types of case is a clear tendency throughout the Social Insurance Agency’s reform process. With the formation of NSICs, this idea has been given a clear organisational stamp. At these national centres, there is access to specialist skills

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22 RSV report 2001:11.
23 However, Lundquist (1992) points out that the term ‘decentralisation’ has strongly positive connotations in the general political debate. This is, in all likelihood, a valid assumption in 2008 as well. Accordingly, one might say that, for example in the reform processes that create mono-agencies, it would be difficult to describe the reform as a planned and desired centralisation. Instead, notions like ‘uniformity’, ‘flexibility’ and ‘enhanced governability’ are emphasised in official documentation.
and it would seem natural to state that the ongoing concentration of cases reflects increased specialisation. In its pure form, specialisation involves a horizontal division of labour, i.e. every work task or phase is demarcated from the others.

Back in 1911, F.W Taylor wrote about his concept of the managerial role, derived from engineering science. ‘Scientific Management’ was the term he used to describe the working model based on his observations and measurements of various stages of work on the factory floor. Taylor claimed that it was possible, through detailed studies, selection and training, to arrive at the optimal way of performing a specific task. Roughly at the same time, Max Weber was writing his best-known works about bureaucracy. To Weber, bureaucracy was a technically superior instrument or tool beyond compare. Bureaucracy is a form of organisation that comprises differentiated knowledge and many different forms of expertise, with its rules and disciplines arranged not only hierarchically but also parallel to one another (Clegg, 1995). One key element of bureaucracy is the specialist or technical expert. Clearly specified duties are performed by various formal categories of staff who specialise in these tasks and no others.

In writings about ‘post-bureaucracy’, specialisation is presented with mixed experience (see, for example, Heckscher, 1994). On the one hand, it is a precondition for virtually all forms of organisation; on the other, it entails undesired effects in the form of segmentation and underutilisation of human capacity. There are those who, on other grounds, adopt a more sceptical attitude towards specialisation and standardisation (Blauner, 1964; Braverman, 1974). They often emphasise such aspects as monotonous work and limited dissemination of knowledge. Moreover, specialists are in danger of seeing work only from their own points of view, which may impair understanding of other people’s work. Various groups also develop languages of their own, and subcultures easily arise in organisations in which specialisation is far-reaching (Conrad & Poole, 1998).

Documents concerning the Social Insurance Agency’s reform work often depict introducing joint processes or work flows for case management as desirable. This is highly reminiscent of the endeavour entitled ‘The Swedish Public Employment Service’ (Af Sverige) pursued by the PES, aimed at making the service range at Sweden’s roughly 340 PES offices more uniform and efficient, with greater legal security. The background to the work on the Swedish PES was that the former Swedish National Labour Market Administration (Arbetsmarknadsverket, AMV) had been criticised, by the Swedish National Audit Office and other bodies, for inefficiency, inadequate control and inability to notify the unemployment insurance funds concerned when jobseekers are not deemed to meet the requirements for unemployment benefit. Since 2000, the Government had repeatedly instructed AMV to eliminate the deficiencies in its activities in a range of areas: quality and methodology in its job mediation; financial administration; performance management; and issues relating to legal security and uniformity concerning unemployment insurance funds. The course of reform in the PES has been followed by a researcher whose observations were reported recently (Fransson, 2008). What both agencies’ work seems to have in common is the notion that it is possible to define ‘best practice’ and, using central guidelines, induce employees to follow this way of working. Fransson (ibid.) argues that it appears difficult to get individuals to change their behaviour by means of this strategy.

Making the administrative processes more uniform is an expression of a desire to standardise work. Growing specialisation in the Social Insurance Agency has thus gone hand in hand with increasing standardisation. A standard is often adopted because it is the best solution to a
problem. Standardisation may also be seen as a form of regulative measure or a control mechanism (Brunsson & Jacobsson, 2000). To avoid individual employees affecting service delivery on an undesired scale, relatively detailed instructions on how the various services are to be delivered are drawn up. One plausible result of this ‘McDonaldisation’ of activities is decrease in the degree of service differentiation.

In referring to activities involving service production where, unlike goods production, the recipient plays an active role in the production process, it is important to note that demand generally shows a high degree of variation. In other words, actual clients or citizens and their life situations, needs and personalities make for a great variety of service encounters. A standardised production process that fails to take this demand variation into account means that there is, instead, a danger that ways in which outcomes are perceived may proliferate. Seddon (2005:7) regards the solution as clear: ‘In service organizations, the only way to solve the variety problem is to “put the variety in the line”.’ Thus, in many service processes incorporating variation into work procedures is essential, and this severely impedes standardisation. However, it is important to remember that there are many different forms of services, and that more or less standardised solutions may be more or less suitable. Nonetheless, in any case, it is by no means self-evident that more similar action will result in more uniform, legally secure and efficient service production.

In Swedish public administration, the term ‘sectorisation’ is used more or less synonymously with ‘specialisation’. To manage complex activities we need, quite simply, to divide activities into defined parts or sectors. Sectorisation is not necessarily negative as such, but problems of controlling and coordinating the various parts, making them a coherent whole, may arise (Christensen et al., 2007). Increased specialisation results in a greater need for coordination (Thompson, 1967; Mintzberg, 1979). In one article, Verhoest et al. (2007) illustrate this truth in a political-scientific context. They emphasise the issue, and in their view coordination is necessary at a higher level as well, for example between agencies with joint groups of citizens. During the first half of the present decade, many countries have stressed the importance of developing forms of collaboration among various public stakeholders. In the United Kingdom, for example, the term ‘joined-up government’ has been used (Pollitt, 2003). This newly awakened interest in cooperation is often described as a reaction against the heavy emphasis on organisationally demarcated, measurable units (i.e. horizontal specialisation) that has resulted from performance management in NPM. Researchers even state that what we are witnessing is a clear post-NPM movement (Ferlie et al. 2003). The arguments are, essentially, that performance management in particular has reinforced organisational boundaries and brought about a greater focus on internal work in the organisations concerned. What have been stressed are thus the downsides created by NPM, in the form of an excessive focus on detailed performance measures and difficulties of cooperating across organisation boundaries. Accordingly, in many countries, we see a form of counterreaction in which one supporting idea is to break away from the vertical, silo-like systems that have been created with a heavy emphasis on performance-based systems of measurement and control (Quist, 2007). Given these considerations, it may be claimed that horizontal specialisation in the Social Insurance Agency, through concentration of case types, may also come to require increased coordination within the Agency. But it is still too early to define exactly the areas in which stepping up coordination will be required.

By way of conclusion, it may be worth citing Gullick’s (1937) fundamental assertion on the connection between specialisation and coordination. Reform of a kind similar to that implemented by the Social Insurance Agency through increased specialisation may solve
certain problems (such as uniformity and efficiency) but, at the same time, poses the danger of new problems (such as coordination with other cases applying to the same citizens) being created. Hammond (2004) points out that organisational structures are important but that there is nevertheless no solution that guarantees well-functioning practical arrangements in every respect.

Concluding comments

In this article, we have described the forms of the past few years in the Social Insurance Agency. We have also conducted a theoretical discussion based on the two notions of centralisation and specialisation. These two tendencies emerge clearly in the empirical part of our article. In this concluding section, we focus on the question of how citizens relate to these tendencies.

First, we want to state that it is doubtful whether, to date, the reforms have been pursued with a focus on citizens as its foremost aim, although increased client benefit has been one of the official motives of the Social Insurance Agency’s reform. There are some signs that improvements have taken place that may favour the citizens, but the main impression that emerges is that the reform work has been conducted with an internal focus and cost-effectiveness as the key drivers. Obviously, more efficient activities may benefit the citizens in the long term, and it is quite possible that the organisational changes may bring about simplified agency contacts in the future. But it is clear that development to date has not strengthened the citizens’ confidence in the Social Insurance Agency.

We also wish to assert that there is a danger of the new organisational structure increasing the distance between citizens and public administration. There are already signals that some citizens perceive it as problematical that their cases are now handled in the national ‘case factories’, and no longer locally. By extension, skills accumulated locally over many years are in danger of being blunted as a result of specialisation. Unless coordination among different parts of the organisation is developed, there is a risk of greater fragmentation and difficulties in seeing a citizen’s overall situation. Given our argument, stated above, that the case discussed here is representative of public administration as a whole, there is reason to pinpoint the need for citizens’ interests to be represented more clearly in future reforms.

References


