

Strategy in Local Government

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One aspect of the study of local government organization is the role of consultants and the models they have introduced in order to help the local government reorganize. One of these models is “strategy”, and this article sets out to consider the implication for these organizations if “the logic of strategy” were to be implemented. A common denominator of all the local governments studied is that “strategy” does not function, and the question is why this is so. Two distinctly different explanations can be considered. One states that “strategy” is difficult and that the politicians and administrators will need time to adjust to new ways of working. The other explanation, which is applied here, focuses on whether local government as an institution can be reconciled with the demands and premises inherent in “strategic thinking”. My conclusions are negative. “Strategy” is a model from the private sector and more specifically from the competitive sector of society and it is not appropriate for wider use. In this article the arguments are restricted to local government, and do not necessarily apply to other types of public organization.

1. Introduction

This is an attempt to consider local government organizations, such as they are found in Norway, and to discuss whether a strategic type of management would seem to be consistent or in conflict with the general features and modes of operation of such organizations. In the process I also reflect on the limits of strategy by applying a strategic perspective to this type of organization, and consider the implications thereof.

There has been a general trend in Norway during the last couple of decades to the effect that models from business management have been introduced in public administration, (Olsen 1993). Brunsson & Olsen (1990) have reported a number of studies of reforms in local government and other public organizations, and present a similar picture for Sweden. According to Baldersheim (1993) the trend is even more pronounced in Great Britain. The concept of “strategic management” is one such model, as reported for educational institutions by Christensen (1991),¹ as models for planning in local government by Kleven (1990), or as attempts at introducing strategy in local governments, as studied by myself and colleagues (Hagen & Nylehn 1990; Nylehn 1992; Nylehn & Nikolaisen 1992).

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My own studies of local government were aimed at understanding processes of planned change. Typically, politicians and administrators in small, local authorities had found that their organization did not function well, or that the economic situation was critical. Their attempts at reorganizing often involved consultants who were asked to help (Nylehn 1992; Nylehn & Nikolaisen 1992). They would, amongst many other “medicines”, administer a strategy process, a strategic management or a strategic plan.²

This is consistent with the findings of Røvik (1991), who has studied consultants at work in public organizations. He found that the consultants were prone to impose the favourite models of the day upon their customers, and that planned changes in local government or government agencies more often than not represented attempts at implementing standard models – mostly developed in business organizations – rather than trying to grasp and solve the problems specific to the given organization. I shall not consider the role of the consultants any further here, but concentrate on the feasibility of the model introduced.

A general conclusion in my studies was that “strategy” did not seem to function, and that it represented an element in conflict with several characteristics of the local government organization. I take for given that “strategy” implies a rationality and perspective that is not necessarily universally applicable, and study how the characteristics of local government organizations will be consistent or in conflict with this perspective. In “organization” I include both the political and the administrative structures and processes.

2. Strategic Management

“Strategy” is a concept with a broad range of definitions, and to start out I shall use one given by Quinn:

A strategy is the pattern or plan that integrates an organization’s major goals, policies and action sequences into a cohesive whole (1988, 3).

This kind of definition is “traditional” in the sense that it emphasizes strategy as a concept of rational action, and because it implies an analysis of the organization in relation to its environment. For my purposes Quinn’s concept is highly relevant, since it refers to the kind of model of “strategy” that the local governments I have studied were exposed to. My discussion reveals that Quinn’s concept covers several phenomena, that the local government organization is complex, and that there is a need to develop the concept of strategy in order to enhance its applicability to this type of organization. This I take up in section 5, although I am not primarily seeking

to develop a more adequate strategy concept of this nature. My primary objective is to arrive at a better understanding of the characteristics and implications of the local government organization.

Even though the definition given by Quinn refers to a “plan”, the essence of the concept – which is what I am emphasizing – is represented by “integration into a cohesive whole”. Thus the concept implies a process in the organization to develop an understanding and interpretation of its goals and values on the one hand, and its line of action on the other. Within this logic the strategy process will aim, firstly, at relating the organization to its environment: markets and their potentials, competitors and their presumed strategies, governments and their possible actions, and, secondly, at assessing the strengths and weaknesses of the organization, its possibilities for the future and its need for resource development, given the present and foreseeable circumstances.³

Strategic management is here taken to represent a type of leadership that will initiate such strategic processes, and try to integrate in the organization an understanding both of the chosen strategy and of its role in the functioning of the organization. This implies developing a certain common understanding amongst the members of the management team, and a sense of obligation, as the strategy is meant to be a shared basis for action.

For local government organizations in particular it is important to bear in mind that “strategic management” will have implications both for the way the organization is functioning *and* for the politics that are implemented as a product of this functioning. The organization will be sought moulded into “a cohesive whole”, while the activities – services given, institutions developed, investments made, etc. – will be incorporated into strategic plans and long-range budgets. The question to be illuminated is whether this type of strategic thinking in local government organizations is feasible.

Since it is strategic management in local government in Norway that is being discussed, a short characterization of this type of organization is in order.⁴

3. The Local Government Organization in Norway

The local authority for a given territory⁵ comprises a whole range of different responsibilities and tasks. Dominant sectors are education, social services and health and the technical areas. The authority provides and runs primary schools, health centres, institutions for the elderly, kindergartens, and so on. There is a technical sector, which builds and operates water and sewage systems, collects refuse, and constructs and maintains local roads. In some communities the local authority also runs a hydroelectric plant. Lastly, there is a sector for leisure and culture. The total level of activity under the

authority of a local government is thus considerable, and in a typical Norwegian community 10–20 percent of the total work-force is employed by it.⁶

An important aspect of the local authority is its *dual nature* and *quadruple function*. Firstly, it consists of a political and an administrative system. The members of the local *council* are elected on the basis of party lists, and the candidates on the various lists are nominated by the members of that party.⁷ Councillors – together with members of the community that they appoint – also execute control through participation in numerous committees set up by the council. The mayor heads the executive committee,⁸ to which the council has delegated much of the operational control of the organization. There is a tradition for *consensus seeking* in the councils in local government in Norway, although there has been a change in this respect in recent years (Bukve & Hagen 1991).

The *administration* is staffed by employed personnel, and there is a clear distinction between the bureaucratic administration and the political institutions.⁹ Managers are expected to be “neutral”, and ideally to represent a “tool” for the politicians to use. The role of the administration is to implement the policies laid down by the council and the committees. The lion’s share of the administrative staff consists of members of one of several unions, and the influence of the unions is considerable.

Local government may be said to have four main functions:

- as an instrument of governance for the state;
- as an instrument for local autonomy;
- as an arena for local political processes;
- as a provider of welfare and public services.

The local government does not by itself exercise complete control over its community, not even if the administration and the politicians act in concert. The state will intervene and impose demands, provide or restrict funds and rights of taxation. Local representatives of central government have important control functions, and in many cases they will cooperate directly with sections of the administration.¹⁰

Local government organizations, then, are in many ways fragmented or loosely coupled. The *chief officer* is not in complete control of his bureaucracy, since many committees exercise authority in their field, and the heads of sections are also granted a professional, independent authority over certain issues. State intervention and professional and union control augments this kind of fragmentation.

The *mayor*, although formally the head of the organization, also experiences severe restrictions on his or her control over the organization. His/her political position is sometimes vulnerable, the administration may be

a formidable opponent on the strength of its competence, capacity and professional attitudes, the state imposes its will, the unions are strong, and voluntary and professional organizations in many areas have considerable influence.

4. Strategic Management in Local Government

4.1. *The Problem*

In order to consider the feasibility of strategic management in a local government organization, we need to know what to look for. How can we decide whether there is in fact such a type of management? The existence of a strategy might seem the simple and straightforward indication. By this measure, strategic management can be found in a number of Norwegian local government organizations (Hagen & Nylehn 1990; Nylehn 1992; Nylehn & Nikolaisen 1992).

The problem is that the mere existence of strategies or strategic plans in itself only indicates an attempt to introduce a model. Whether it has been effectively implemented and functions is something else. As implied by the discussion of “strategy”, the establishment of strategic management will represent an effort to develop the organization into a cohesive whole, and to make it function so as to accomplish tasks stated in long-range plans based on stated goals and shared understanding.

The studies I have already referred to are unanimous in their claim that the strategies are symbolic rather than real, and that they express the acceptance of the models rather than a real change of the organization.¹¹ Examples and illustrations are presented in the following sections. I take this “model failure” as given, and try to understand it. I argue that this is what can be expected, and I identify characteristics of the local government organization that can be said to provide the basis for this expectation.

One might argue that the observed failures are indications of poor management, and that an improved effort on the part of politicians or administrators would accomplish the transition from “bureaucracy to strategic management”. I cannot completely disregard this argument, nor refute it, but I do not think it touches upon the core of the problem. My assumption is that local government organization is structured and functions in such a way that the “logic of strategy” is inappropriate. A more “professional” management might perhaps facilitate a more successful transition than I have observed, but the new mode of operation would still come to represent a problem. To substantiate this claim, I discuss four characteristic features of local government organizations (in Norway).

- The leadership structure and its legitimacy.
- The political element.
- The fragmentation and diversity of activity.
- The non-market nature of local government.

4.2. *The Leadership*

Attempts at implementing a strategic management in a local government organization will confront the reality of a non-unified leadership. In the first place, political leadership and administrative management are separated, and each of the two top-ranking leaders – the mayor and the chief officer – are in charge of only his/her own part of the total systems. They may not legitimately interfere much in the other subsystems. On top of this, there is the additional constraint that the two leaders have limited authority and legitimacy even within their own respective subsystems.

For the administrative chief officer the limitations are of several types. The *managers* in charge of each section will not necessarily consider themselves part of the overall leadership, so that the chief officer is not the leader of a unified and well-defined *team*. In one of the local governments that I studied (Hagen & Nylehn 1990), a section manager was reluctant to participate in a “joint leadership team”, claiming that he was responsible for his own section, but not for the organization as a whole.¹² Secondly, *some issues* are explicitly not to be treated as belonging to the organization as such. Teachers are employed directly by the school board, child abuse cases are to be treated by a special committee, and so on. This means that the chief officer is in charge of an administrative organization which, to a certain extent, is structured and functions as a set of separate units. Thirdly, there are *professionals* – e.g. doctors and nurses – in the organization, who claim a certain autonomy in carrying out their tasks.

The mayor and the executive committee may be said to represent the focal point of *political leadership*. In accordance with the underlying model of the local government institution this committee is meant to promote the welfare of the whole community, and the participants are expected to try to reach consensus.¹³ In this sense the perspective of strategic management, emphasizing shared goals and understanding, would seem to fit in rather nicely. On the other hand, the politicians belong to different parties, and each party programme may be said to represent a strategy for the given community, stating values, future developments and preferred lines of action. Taken separately, the party programmes may be considered as proposals for a strategy, but taken together they represent *competing strategies*. A strategic process for the organization, then, would seem to require that these programmes be merged into one, which would conflict with the idea of political plurality.

There is also a difference between a strategic process for the local government organizations and a political process in a *party*. One difference is that the programme primarily is related to the community and its development, and less so to the organization. Another, more important difference is that a political programme is meant to attract voters, not just to be a basis for action. The action aspect points towards clarity, the voter appeal aspect towards general ideas and visions. The political leadership must be executed within this context, and the mayor cannot legitimately call upon the members of the executive committee to set their political affiliations and strategies aside. The norm of consensus may carry weight, but that does not promote organizational leadership as such to a matter of first priority. One of our informants stated (Hagen & Nylehn 1990) that he considered himself accountable to the voters, and to the programme on which the voters had elected him. He considered his role in the executive committee to be to fight for the causes given priority in the programme, not to be a member of a unified leadership team.

In short, there does not seem to be a sufficiently strong, wide or legitimate basis for implementing a strategic process that involves the whole organization or the leadership team. Perhaps the chief officer and mayor might accomplish this by joining forces. An alliance of this type was instrumental in effectively carrying out a process resulting in a strategic plan and a blueprint for reorganization in a local government, Spydeberg, as reported by Kleven (1991). The actual implementation was, however, less convincing, and the basic idea of the planned transition was questioned and later rejected by its chief architect (Kleven 1991).¹⁴

This may illustrate that even the combined forces of the two top leaders were not sufficient, but, more importantly, I will suggest that this joining of forces brings about a problem of legitimacy. Together the two leaders may be strong enough to initiate and implement a strategic process, but they also run the risk of acting outside their legitimate field of competence. The more they act in concord, and the more they act as professional managers within the rationality of "strategy", the more they will have to operate across the border between "politics" and "administration". They would then seem to conflict with the institution of local government, which is designed to be controlled by the people through their lay representatives. A manager who acts politically, would evade this control of the electorate, and the politician who adopted the "administrative rationality", would fail in his role as a representative of the general public, with the reasoning of the layman that such a role entails.

4.3. *The Political Element*

The political element of the organization will also in a more general sense

represent an obstacle for a strategic management process. The political system provides options for the voters, and an important role for the opposition is to be critical of, to exercise control over or make changes in the goals, plans, programmes and actions of the ruling faction. The idea of strategy – in contrast – implies developing and deciding upon a line of action to be implemented on the basis of loyalty to the leadership representing this line.

Kleven (1991) studied the implementation of a new planning system in a local government. He found that everybody, including the politicians, advocated the proposed new system, which represented systematic planning, annual reporting including evaluation, formulation of goals, and strategic planning. In practice, however, the system did not function well. The politicians discovered that the system made them superfluous. A strategic plan, a long-term budget, systematic evaluations to discover discrepancies between plans and action, all these elements of the professional, managerial system made it more of a technical matter to run the organization – and the community. The politicians were not much needed, and in fact functioned a little like sand in the machinery.

The politicians did not protest directly against the planning or the underlying perspectives, but they did not comply with the system either. They proposed and voted for activities that were in conflict with the plans, they allocated resources contrary to the existing budgetary limits, they sidestepped the evaluation of the performance of last year, etc. In short, they acted as politicians rather than as managers. There are two aspects of importance here. Firstly, that it is possible to distinguish between a political and a managerial rationality, which Kleven also calls the rationality of action and of planning. Secondly, that the politicians considered themselves at fault for deviating from the administrative rationality, and seemed to find their acts as politicians as an indication of some kind of inferior rationality.¹⁵

Kleven's study can be taken as an illustration of an important dilemma of local government. For the planners and administrators there is a need for stable goals, consistent priorities, a clear strategy, etc. Within such a framework the managers can act on the basis of their *professional* competence and training. On the other hand there are the politicians, who have to consider the community as a whole, with all its conflicting goals and problems. And the question, then, is how they may cope with their task. There has been a tendency, Offerdal (1992) claims, to assume that politicians would function better if they were to acquire the professional competence and attitudes of the administrators – and be able to meet them as equals. Such attitudes might even lead to an attempt to incorporate the politicians into the administration.¹⁶

Instead, Offerdal argues, the role of politicians can be to use their common sense as laymen, to find politically acceptable compromises and to find

reasonable solutions to problems. Technical and professional matters can be handled by the managers and their staff, and should be left to them. The politicians ought not to try to compete with them and their professional competence. Not primarily because they might stand to lose, but, rather, to supply the *unique qualities of politics* – the application of common sense, the layman’s judgement and the resolution of conflicts which cannot be solved by logical reasoning or by being technically proficient.

The rationality of politics, then, points to the value of *not* having a strategy, of *not* being committed to a stated line of action, but to retain freedom of action in the situation as it develops.¹⁷ At the same time this freedom might result in a kind of “crisis management”, leading to inefficiencies and a call for more “professional” management. And one who tries to make an organization function well, may find it useful to develop a basis of common understanding and shared values – and these are important elements of a strategy. But politics is about what divides as much as about what is shared. A *shared* strategy, therefore, will conflict with important elements of political processes, depending upon what is to be “shared”. I return to this in section 5.

4.4. *Fragmentation and Diversity*

The local government organization consists of several sectors – health, education, etc. Each of these sectors is managed and politically supervised separately, and coordinated by the executive committee and the chief officer. In Norway there has been increasing pressure for unity of organization, and the proposals for the new law for local government (NOU 1990:13) were aimed explicitly at establishing the local government organization as a consolidated unit. This may be taken as an expression of the assumption that management models are well suited for local government, and as such consistent with the attempts at introducing strategic management in these organizations.

The diversity of the organization means that among the employees there will be people with different training and educational background working in different fields. To the extent that these employees represent professional standards and ethics, there is a problem for both the administrative and political control of the organization, since professionals tend to consider political decisions within their own field as amateur meddling and managerial control as an affront to their professional autonomy.

Diversity also means that the various sectors in a fundamental sense cannot be directly compared. Road maintenance, the operation of health centres and the teaching of children must all be understood – in some respects – on their own terms. They all have, however, budgetary consequences, and this links them together. But this link does not mean

that a *common solution* can be found by professional and economic types of analysis. Decisions regarding this complex totality are not an administrative task, and if solutions are to be found, they must come through political processes.

Because the totality is complex, and “manageable” only through political processes, one might attempt to separate the different sectors, and allow them to function in isolation from each other. The argument for separation rests on the assumed benefits gained by performing a task outside the complex whole. A set of separated tasks will be more manageable, simply because they are less complex – involve fewer constellations of incommensurable matters. For those in command of the independent units, goals may be set more easily, strategies are more readily formulated, and so on.

Offerdal (1992) comments indirectly on the kind of situation this would bring about by claiming that if this represents “better” management, it is only because the task has been made simpler. And for the politicians this simplification would still leave the decisions concerning the local government as a whole as complex as before, and the need to give priority to tasks would be as pressing. If the administrative units in question were to be made independent, it would probably result in a limitation of the powers and rights of the politicians to intervene in time and scope, as well as in additional constraints on their power to act. In this sense the simplification through establishing independent, specialized units represents a kind of collective wishful thinking, a conscious withdrawal of political governance, or a deliberate choice of suboptimization. If a situation is too complex, suboptimization in independent units may be a way of making the totality manageable. But still, as each sector becomes more manageable, the totality remains complex, and so will the task of the politicians.¹⁸

The diversity in local government, then, points directly towards the need for political processes. One cannot calculate or analyse the many tasks of local government to find a technically or economically optimal solution. *There is no solution*, other than that measured by whether it is feasible and acceptable, and/or the process legitimate. To try and implement a strategic process represents a move in the direction of administrative processes, implicitly emphasizing the technical aspects of the activity and downplaying its political nature.

4.5. *The Non-market Setting*

My last point is related to the fact that a local government does *not typically operate in a market*, so that the underlying perspective of the strategic thinking may be of limited relevance. Originally “strategy” was a military concept, and military organizations do not compete in markets either. The

military kind of strategy was, however, aimed at gaining a favourable position relative to opposing forces – so in this sense “strategy” and “competition” are linked.

The definition of strategy by Quinn – given in the introduction – does not mention either markets or competition, and states only that an organization has goals, policies and actions that will be sought moulded into a cohesive whole. This implies that a strategy is meant to help the organization reach its goals in the given environment. By becoming a “cohesive whole”, the organization will be in a better position to act. Amongst other things, there is here a distinction between organization and environment. “Strategy” refers to a subject – an organization – with borders to its environment and with goals for its own operations. I examine local government in this perspective, to find out whether it is applicable.

One might claim that local governments tend to function in markets to a certain extent. Day-care centres are run by the local government itself, and fees are collected from the parents. Alternatively, the government may subsidize a centre that is privately owned and managed. Refuse collection is carried out and fees are charged to the public, or the service is contracted out. In some cases a section of the local government organization will even bid for its own contracts (Støkken & Nylehn 1991). Thus, in many ways the local government is in the market, and it can be compared to a service enterprise. Such an enterprise will develop a strategy for its actions in a market, and in the process it will have to comply with the priorities and demands of the customers. If it succeeds in this, business will be profitable. The question is, then, whether a local government organization can develop a strategy in the same way.

Firstly, the local government organization is not solely a service organization. It has *many other functions*, as stated in section 3. Even if it were to develop a strategy for its service production, this strategy would not be equally relevant for all parts of the organization, and, for example, not for those activities related to citizen rights. How such a partial strategy would function, is difficult to say.

Secondly, the *population*, whom the local government organization is to serve, does not necessarily correspond to the *customers* of the service enterprise. The enterprise distinguishes between its customers and itself, and it may move on to other markets if it finds the existing one unsatisfactory. This does not apply to the local government, which is not in a position to choose its “customers”. If its services prove inadequate, there will be a demand for improvement, and the demand will in a very direct sense express what its given “market” and “customers” want or even demand. As Hirschman (1970) has shown, monopoly does not in itself guarantee control over the market – the “voice” option is open. For the public a government organization is fundamentally their “enterprise”, and the question is not how

the “enterprise” can thrive on them, but how they want it to function. There is a differences between *living off* a market, and *servng it*. In the business world and within its logic, the distinction between these two positions is not important, and enterprises may gain legitimacy by claiming that their “mission” is to satisfy their customers, and that the “customers have the ultimate power”. This euphemism conceals the fact that a business enterprise develops a strategy which includes – among other things – a choice of customers (or markets). And for the enterprise, satisfied customers are not a goal in themselves, but a means of staying in business, and a favourable condition for making a profit from them. In contrast, a local government is compelled to serve a given community, and the satisfaction of the population is a goal in itself.

The service enterprise seeks to satisfy its customers in the external market, but finds the measure of success expressed internally – in the balance sheet. For the government organization, success is measured outside the organization. The question is not how well the organization functions or what results it obtains, but how satisfied the “market” is! An enterprise exploits the needs of the public to generate business in order to reach its own goals. In the process it will concentrate on those needs that it finds the most promising. The local government organization does not *generate* an income from its “market”, but *spends* it on the public. It has to take the population as given and consider the fulfilment of the needs of the inhabitants – as defined by the council – as both its task and its goal.

Although the population is taken as given, the needs are not, and politics is about defining and giving priority to these needs. In the words of Larsen & Offerdal (1990, 99) politicians are obliged to decide what needs are to be satisfied.¹⁹ This is an important part of what party programmes are about. In this sense the programmes represent a kind of strategy, but, firstly, they are a special kind of strategy, secondly, they are in conflict with each other, and, thirdly, they are strategies for activity within the community as much as for the development of the organization itself.

In one of the local authorities that I have studied (Nylehn 1992), a strategy was worked out, stating that the community was to develop its fisheries, promote other types of industry, make the community more attractive for young people and put the financial situation of the local government in order. Taken as a strategy it was somewhat sketchy, mostly because the local government organization itself had *few means to implement it*. The political and administrative leadership could not go much further than to make a list of what they considered important, and in what direction they would have wanted action. To a certain extent they managed to overcome political differences and to end up with a unified line of action – or strategy – but the implementation of important parts of the plan was left to a publicly owned firm.²⁰ Within the government organization itself there was a lack of

adequate means, and effective and decisive action would have been hampered by political and bureaucratic procedures. Their agreement was probably contingent on this lack of ability to translate the strategy into action. It is easier to agree upon plans than action.

I have no reason to connect this inability to act to a possibly inadequate organization, but it may be considered an expression of the characteristics of the Norwegian system of local governance. The council represents the people, and is responsible to them and for securing the welfare of the community. Service production is a legitimate task for the local government organization, but only in so far as these services are of interest in themselves. Economic activity to earn profits, provide employment or even to develop the community is something else, and, although there is no law against it, turning the local government into a business enterprise, or into an agency for setting up such enterprises, would bring about a conflict of interests and of legitimacy.²¹

5. Discussion and Conclusions

My main conclusion is that strategic management, as a business model, may be more harmful than beneficial in a local government organization. It is so much in conflict with the fundamental characteristics of this type of organization that it must be considered *inappropriate and inadequate*, or, as expressed by Stewart & Ranson (1994, 55):

Strategic management in the public domain expresses values determined through the political process in response to a changing environment. It requires its own model.

More generally, I find that it can be concluded that strategic management is not unequivocally a positive contribution to an organization. This may be a little surprising, since it would seem reasonable to assume that it is useful to have fundamental questions about an organization put on the agenda and given systematic attention. It seems from my analysis that this – basically positive – activity, can be harmful, and that its application must be fitted to the specific nature of the given organization.

“Strategy” may, however, be taken to represent many phenomena, and Mintzberg (1988) claims that we do in fact accept many definitions, although we tend to believe that we have only one. I consider some of his ideas, and then return to the feasibility of strategy in local government. Mintzberg lists five concepts that may be taken to represent “strategy”: Plan, ploy, pattern, position and perspective. I think one could find a common denominator – (apart from the “P”s!). Mintzberg’s concepts may be considered as variations on the theme of *predictability*.

This does not mean that every organization with a strategy is totally predictable, but that *in some respects* one might find a recognizable and recurrent trait or pattern. Or, to turn the argument the other way round: If, in a given situation, there is no basis for predicting what the organization will do, then it has no strategy. A strategy, therefore, is a systematic basis for future action, whether it is, as Mintzberg (1988) says:

- * Plan: stating what action is chosen, possibly with a ploy – some devious aspects to it.
- * Pattern: some types of prevalent action and responses are more to be expected than others.
- * Position: the organization has found its place, and will stay there in the (near) future.
- * Perspective: a shared understanding of the organization and its environment.

This kind of open attitude towards “strategy” will also include the position that a strategy does not “exist”. A strategy is an idea, or a set of ideas, expressing the main values, resources, openings and challenges confronting the organization. It represents, ideally, the systematic effort of an organization to define and choose its picture of the world and its place in it. In this sense a strategy represents the fundamental aspect of an organization, stating what is to be done and why. As such it comes close to *politics*, but these two concepts are not synonymous. “Politics” is about both more trivial and fundamental matters than are normally included in the concept of “strategy”. It is more trivial, because details may take on political significance. It goes deeper, because in a local government the organization is more than a tool for the administrators and politicians; as an *institution* it embodies and expresses societal values and norms.

This complex nature of the organization in local government I propose to express by distinguishing between three aspects of “strategy”:

- Firstly, “strategy” as *political purpose*, manifesting itself in the priorities and balancing of interests and in the activities and tasks undertaken to promote these interests.
- Secondly, “strategy” as *organization* – structuring the local government organization as a *tool* for the politicians to use, in order to realize their political purpose.
- And thirdly, “strategy” as *institution* – structuring the local government organization to promote and consolidate the prevalent political and democratic models of the given society.

I discuss these aspects of “strategy”, to consider to what extent a strategic management may be feasible, productive or appropriate.

The political parties all represent visions of the good society, and seek to use the local government organization to implement their *political purposes*. It is a part of our political system that they continue to develop and debate their ideas, and that these ideas are conflicting. The less conflicting, the

greater the danger of a mock democracy.²² For this aspect of “strategy” in local government it can therefore be concluded that the development of a strategy representing a common understanding represents a threat to its proper functioning. This position is strengthened by the argument given in section 4.5, where I concluded that a local government has limited means of implementing strategies in the community because it cannot legitimately take up economic activity outside the field of welfare service. Hence, to try and develop a strategic management for the community is not just bordering on the illegitimate, it also runs the risk of being futile.

The second main aspect of “strategy” concerns the functioning of the organization as a tool. Quinn’s concept implies that the organization be moulded into “a cohesive whole”, with “integrated major goals, policies and action sequences”. As an expression of political purpose, this is highly problematic, as discussed above, but there is also the question of the role of the politicians. A strategic management structure set up to perform *effectively and efficiently* will represent a possible conflict with the institutional structure of authority. A local government organization is to be under the authority of the politicians. If it were to become a “cohesive whole” as Quinn expresses it, the freedom to act for the councillors would be reduced, by restraining them within the established structures, budgets and plans. Kleven (1991) makes a distinction between the rationality of planning (strategy) and of action (politics). The rationality of planning implies an organization with a given way of doing things, and, hence, restrictions on the freedom to act on the part of the politicians. Kleven reports such effects in Spydeberg, as referred to above.

The development of a strategy for the organization as a tool, therefore, will represent an infringement on the authority of the politicians, and in a certain sense be illegitimate and in conflict with the role of “representative of the people”. It threatens to substitute the rule of administrators for that of the councillors. The politicians can, of course, participate in the development of the strategy – and in that way exert their influence – but that would just represent a remedy in the short-term perspective. Even if the politicians gave the organization a design that suited them, they would limit their ability to use the organization afterwards. They would “tie themselves to the mast”, and, in so doing, reduce their freedom of action.

This negative aspect of this position is far from universally accepted, and in fact is in conflict with much of the current – and official – thinking about political governance in Norway, too. Mainstream thinking at present seems to represent the idea that a local government council preferably should consist of a small number of members, mostly concerned with long-term goals and strategies, while the administrators are given autonomy to implement the plans. The new law for local governments is rather explicitly based on such a model (NOU 1990:13). This is, however, no refutation of my

arguments above, just an indication of the degree to which business models are being accepted as adequate for public organizations.

The arguments above point towards the local government organization being more than a tool; it is an *institution*, and conserving and developing this institution may be taken to represent a strategy for realizing a *democratic structure* and a *political system*. In this sense one may argue that there is a need for a conscious and explicit strategy that states what these institutions and ideas are, and that represents shared values and an understanding of what is essential. Agreement and loyalty to such a creed may be said to strengthen the democracy and the political system, and not jeopardize it, and it may be claimed that it is imperative that local government has a strategy in this area. A local government should, even less than a business enterprise, drift in the stream, but should function on the basis of shared values and follow a course that is developed through legitimate and accepted processes.

Although the organization may be said to be in need of a strategy of this kind, it may be claimed – somewhat paradoxically – that it *should not try to develop it*. This is not as bad as it might sound. *The organization* as such should not develop this aspect of the strategy, because it concerns basic values and institutional design that legitimately belong to the state and/or the population, not to the employees, and not the local politicians, even though they will be expected to understand and accept it.

The concept of “strategy” used in the paragraphs directly above, contains no reference to a “plan”, and the central issue is the way the institutions are built up and function, and the ideas on which they are founded. In this sense “strategy” becomes related to ideas and a learning process, and also to a process concerned with developing and making clear what ideas should be considered important. Selznick’s (1957) concept of “institutionalization” seems to me to indicate an equivalent type of process. A problem with such a process, as proposed by him, is the need for a strong and conscious leadership to develop and win acceptance for the “identity” of the organization. As I have already argued, the local government organization does not have this kind of leadership – and one of its basic ideas may very well be that it *should not* have one.

In line with a mainstream perspective on strategy, the basic ideas of local government may be taken to express and represent its “core competence” – ideas that govern the way the system is functioning and that represent the basis for rendering it legitimate. This is probably to stretch this concept of “core competence” too far, since it is meant to represent something that will give a company its “competitive edge” (Knutsen 1993). For a local government organization the idea of obtaining such an “edge” may be said to fall outside and be in conflict with its basic ideas – and hence outside its “core competence”. Again there seems to be a paradox hidden in the

concepts. I take this as an indication that local government organizations should be treated differently from business enterprises, and that the transfer of models between these two types of organization should be limited.

Baldersheim (1993) has described developments within local government in Norway, and presents "the corporation" as one possible line of development, including "strategic management". This development is presented as a consequence of a the need to find suitable tools for coping with the task of governing local communities, especially in the face of more limited resources, and is in line with the current trend of "the new public management". According to Baldersheim (1993, 1559), it is not as much a "fashion" – as Røvik (1991) might have called it – as a new paradigm.²³

I have tried to show that there is a conflict between the political governance of local government of the Norwegian – and Scandinavian – type and these new paradigms and trends. Baldersheim argues that the "new public management" is a response to the increasingly difficult task on the part of the politicians to allocate resources (Baldersheim 1993, 165). To me it seems a strange conclusion to draw, because it implies a paradigmatic change of the *institution* of local government, away from politics as a response to a political challenge.

NOTES

1. In a form close to the principles of MbO – in Norwegian: "virksomhetsplanlegging".
2. In one of the cases the politicians themselves sought to try out the strategy concept (Hagen & Nylehn 1990).
3. More recent developments of "strategy" are concentrated more on the resources of the organization, and – in the Penrosian tradition – less concerned with the market position as such. The "core competence" of the organization is seen as the key element in a strategic development of a firm (Knutsen 1993).
4. The local government organization in Norway is regulated by law (Ot.prp. nr. 42, (1991–92)), but there are, of course, local adjustments and differences connected with, for instance, size. The recent "free commune" experiments also have demonstrated and opened up for greater variation, but I consider here the organization in the form of the prevalent and "dominant institution". This model is being challenged (Baldersheim 1993), and I shall return to this at the end of the article.
5. In Norway called a "kommune". There are approximately 445 "kommunes", with an average population of slightly below 10,000. The mean size would be ca. 6000.
6. The number cannot be stated with precision, mostly due to the fact that a proportion of employees are working part time only, and this proportion varies substantially over time and between communities.
7. To a certain extent there are also local independent lists, and more so in smaller communities. The main picture is that local governments increasingly are subject to party politics.
8. In Norwegian: "Formannskap".
9. In a few cities a new type of leadership has been tried out, whereby politicians have been employed in management positions for a stated period of time. See Fevolden/Sørensen (1989), where this and other trends and changes in local government are presented.

10. In the proposition for the new law for local government (Ot.prp. nr. 42, (1991–92)) the scope and role of direct state intervention has been restricted.
11. In one of the local authorities that I studied, another study was carried out a little later, and its conclusion is consistent with my findings, (Bukve 1991).
12. He defended or justified his position by referring to a supportive attitude and opinion expressed in a letter from an official in the county administration.
13. As mentioned before, this norm is no longer undisputed, but still important.
14. See next section for more references to Kleven's case – Spydeberg.
15. The politicians in this case seemed to illustrate Røvik's claim (Røvik 1991) that fashions and trends to a certain extent govern the way we think about management.
16. In Tynset (Hagen & Nylehn 1990) we found that politicians were paid to spend every Monday in the Town Hall. This improved the communication between them and the section heads – with whom they spent most of the day – but the danger of the politicians being coopted was obvious. Some of the politicians expressed their concern.
17. Here the politicians' need for freedom of action is emphasized, but this need is not unlimited. A politician is normally committed to some cause, idea or problem, and often – but not necessarily – in the form of a *party programme*.
18. A colleague and I (Støkken & Nylehn 1995) have shown how the establishment of a Housing foundation by a local authority resulted in the intended simplification of some aspects of the situation, but also produced some new complications and obscured other aspects of the picture.
19. Original version in Norwegian: "Politikken skal derfor fastsette hvilke behov det er nødvendig å dekke."
20. "Måsøy utviklingselskap" – Måsøy development company.
21. For instance, the local government is responsible for health and environment, and has a control function towards business enterprises in these matters. If it were itself in business, it would in reality inspect and control its own competitors.
22. This argument cannot be turned around. Democracy may be served by disagreement up to a point, but increasing conflict may disrupt more than promote democracy.
23. "Hamskifte" in Norwegian, meaning literally change of skin.

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