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The Conditions for Multi-Level Governance

Implementation, Politics, and Cooperation in Swedish Active Labor Market Policy

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Abstract
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How can the central state direct local public units to work effectively towards public sector goals? In an effort to understand the conditions for governance, the three self-contained essays housed in this thesis examine the role of central and local government agencies in implementation of active labor market policy (ALMP) in Sweden. The study is based on new and unique quantitative data.

To understand steering possibilities, it is necessary to examine how local politics impinges on local actions. Thus, essay I concerns the following question: Does it matter for local government actions whether left wing or right wing parties govern at local level? I propose that the effect of political partisanship depend on entity size. I expect left-wing governments to be more engaged in ALMPs, but that the impact will be larger in sizeable entities. Empirical evidence supports the theoretical priors.

It is also important to know how actors can be coordinated. Thus, essay II tries to explain cooperation between agencies. Trust, goal congruence, and resource interdependence are focused upon. The results indicate that there is no impact of trust on cooperation if goals diverge. Similarly, it does not matter that agencies trust one another if they have different agendas. But if both factors exist simultaneously, cooperation increases. On the other hand, resource interdependence boosts cooperation regardless of trust levels.

But does cooperation really improve policy implementation? Essay III proposes that the impact is contingent on task complexity. I expect cooperation to be more valuable when the task is complex. In accordance with this hypothesis, the evidence suggests that only complex tasks can be carried out better through intense interorganizational cooperation.

Taken together, the insights from the essays might help us find routes to better governance.

Keywords: Governance, Intergovernmental relations, Implementation, Cooperation, Political parties, Active labor market policy, Sweden

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List of papers

This dissertation consists of the following essays:

I. Lundin, Martin. 2007. "Political Partisanship and Entity Size: When Parties Matter for Public Policy." Manuscript, Department of Government, Uppsala University.

II. Lundin, Martin. 2007. "Explaining Cooperation: How Resource Interdependence, Goal Congruence, and Trust Affect Joint Actions in Policy Implementation." A slightly different version of this article has been accepted for publication by the *Journal of Public Administration Research and Theory* and will appear in a forthcoming issue.

III. Lundin, Martin. 2007. "When Does Cooperation Improve Public Policy Implementation?" Manuscript, Department of Government, Uppsala University.

Contents

Acknowledgments

A couple of months ago, I was about to get rid of some old binders. In one of them there were documents from my very first semester as a political science student. Among the documents was a short paper with the following title: "Implementation problems and the Swedish Active Labor Market Policy". Evidently, I was the author. This was a surprising discovery since I did not remember that labor market policy had occupied my attention as an undergraduate student. I started to read the paper and recognized that the analysis—as most pieces of work by inexperienced students—was quite ordinary. One of the paper's conclusions was that labor market policy involves coordination of authorities, which could be difficult. At the time when I formulated these unoriginal ideas, I could not dream that I would complete a dissertation on basically the same theme eleven years later.

I think this book includes more interesting findings than my early attempts. The progress is probably partly a consequence of my own hard work. But many are those who have been important for the completion of this dissertation. It is not possible to provide the complete list of contributors, so it has to be restricted to those who have influenced the project the most.

First and foremost, I owe my supervisors a sincere gratitude. With their sharp comments, PerOla Öberg and Jörgen Hermansson have helped me immensely during my years as a doctoral candidate. I recommend future postgraduate students to take advantage of their skills and enjoyable company.

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The environment at the Department of Government has been inspiring. My colleagues made my years as a doctoral candidate rewarding. Thanks to all of you! Gunnar Myrberg deserves a special mention. Gunnar has been my nearest companion at the department. We were roommates for some years and we have been teaching together, studying statistics in Ann Arbor, and discussing many personal and job-related things. Kalle Lindgren has provided crucial methodological advises. This means that I can forgive him for

always trying to free ride when it comes to clean and refill the coffee machine. Sverker Gustavsson's guidance during my first year at the department must be recognized as well. Julia Jennstål, Sara Monaco, Thomas Persson, Andreaz Strömgren, Pär Zetterberg, Jörgen Ödalen and all of those who have participated in the many enjoyable discussions in the department's lunchroom over the years have also contributed in a positive way.

Another environment of importance is the Institute for Labour Market Policy Evaluation (IFAU). My colleagues at IFAU inspired me to apply for the postgraduate program in the first place. And IFAU has always been a great place to visit. The staff's knowledge in labor market policy and statistical methods has been useful, but just as important are all those weird and enjoyable discussions that take place at IFAU. Perhaps surprisingly, economists can be fun.

I owe thanks to the following foundations and institutions for contributing with financial support to various parts of the research project: *The Institute for Labour Market Policy Evaluation, the Swedish Research Council, the Siamon Foundation, the Wallenberg Foundation,* and *the Swedish Council for Working Life and Social Research.*

But life is not only work. My family and friends have been important supporters, although most of you never received a good description of what my work was all about and why it was important to me. Now when I have finished my thesis you have a great opportunity to put all your interests and hobbies aside and discover the thrilling mystery of public administration. To give you a foretaste of the excitement, I provide a quotation from Essay I: "I use three different approaches to counter autocorrelation and heteroscedasticity. Robust standard errors clustered on municipalities and standard errors based Newey and West's heteroscedasticity and autocorrelation consistent covariance matrices with two lags are the first two methods." I guess you are tempted to get started right away?

It remains for me to express my appreciation to the most important ones: Ingrid, all your colds and coughs have constantly forced me to reschedule my plans during the last half-year. But your smile, laughter, and warm embrace compensate for this by a comfortable margin: You make all the troubles associated with writing a thesis go away. Daniela, you have been the closest person to me ever since that short paper eleven years ago. You gave substantial comments on my work, but your sacrifices and encouragement were even more important. These last eleven years would not at all have been so good without your love. Thanks!

Martin Lundin
Uppsala, April 2007

The Conditions for Multi-Level Governance

Contemporary political systems comprise several tiers of government. The reason for having more than one level is apparent: there are no grounds to expect a certain geographical entity to be the appropriate one for all public concerns. But bureaucracies at various levels of government are often involved simultaneously when political ideas are implemented at local level. Thus, a perennial problem in the business of running a country is how to manage the machinery of the state when policies are turned into actions: How can the central state direct *local* public units to work effectively towards public sector goals?

The three essays housed in this thesis have distinct purposes. But they have a common ambition to disentangle the course of events when agencies from different levels of government—more precisely, from the central and local levels—are involved at the same time in public policy implementation. Essay I tries to find out whether local political partisanship explains local government actions. Essay II sets out to explain cooperation between agencies. Essay III, finally, examines the impact of cooperation on policy output.

The empirical analyses are focused on active labor market policy (ALMP) in Sweden. Thus, the study centers on the fight against unemployment, which is one of the major problems in advanced industrialized societies today. ALMP is a central-government policy domain. By this I mean that it is a policy area in which the central government is clearly intended to be the main principal. But local governments also have a key role. By examining local-government involvement in ALMPs, and their relationship to central-government agencies, it is possible to uncover what is actually going on at local level. In turn, this gives valuable insights into governance processes.

The aim of this introduction is to bring the separate studies into a common framework and provide some additional information on matters that are only briefly touched upon in the essays. The introduction consists of four sections and a data appendix. The purpose of the first section is to present the problems of governance and policy implementation when various levels of government are involved in local actions. In the essays, the research setting is concisely introduced. Thus, the second section of this overture is a

rather detailed description of intergovernmental relations within Swedish ALMPs. The main aim is to prove that it is important to take relationships between levels of government into account in ALMPs. In the third section, the essays are summarized. Lastly, I take some license to reflect on experiences from the study. A data appendix is also attached: Within this research project, I have collected new data through a postal questionnaire. This information is utilized in essays II and III. The appendix describes the survey.

Levels of government, governance, and implementation

In this section, it is demonstrated that political steering can be difficult when central and local public units are involved simultaneously in policy implementation. In addition, I outline three key research questions that are important to try to answer in order to find out the conditions for governance in these contexts.

Levels of government

The basic pattern of political organization in modern democracies is territorial. Almost every country in the world has more than one level of government, with only very small states as exceptions to this rule. And the complexities tend to increase. Petersson (2003, 150) notes, for example, that not so long ago, the inhabitants of the city of Gothenburg in Sweden were only represented at the local and the national levels. Nowadays, there are six levels to take into account: the European Parliament, the Swedish Parliament, the county of Västra Götaland, the region of Gothenburg, the municipality of Gothenburg, and the district councils in Gothenburg.

A very important reason for having different tiers of government is that the preferences of the inhabitants in different geographical entities are different. In order to promote values such as democracy and efficiency, these preferences ought to affect public policy (for example, Elazar 1972; Molander 2003; Thomas 1979). Gallagher, Laver, and Mair (2001) use a fictitious bridge-building project to illustrate that objectives may differ due to geographical location.

> The lives of people who live right beside the bridge may be ruined by its noise and disruption. People who live in the region but not in the immediate locality of the bridge may find the bridge saves them hours each week behind the wheel of an automobile and reduces the risk of their being involved in a fatal accident. Those who live elsewhere in the country but too far away ever to use the bridge may be forced to pay for part of it with their taxes while getting, as they see it, no benefits from it. (Gallagher, Laver, and Mair 2001, 136)

Different geographical groups of individuals tend to have different interests in the policy process, which may imply tensions. For instance, assume that two authorities are involved in constructing the bridge presented in the quote from Gallagher and his colleagues. All else being equal, one would expect the authorities' relationship to be less conflictual if both of them are regional government agencies than if one of them is a local government actor and the other represents the regional level. In the latter case, local objectives become an issue. Thus, coordinating the activities of various governmental bodies is difficult. A lot of time and other resources have to be devoted to resolve the dilemma and it may be complicated for the central government to reach ambitions.[1]

Newspaper articles often describe problems of cooperation between authorities from different levels of government. Two brief examples from Sweden can serve as illustrations. *Svenska Dagbladet* reported in 2003 (November 16) on collaborative problems between medical services, administered by the County Councils (*Landsting*), and the municipal Social Services in the treatment of mentally ill patients. The article claimed that clients are often passed on between the authorities and that no authority takes full responsibility. The director-general of the National Board of Health and Welfare (*Socialstyrelsen*) said that local implementing agencies have trouble getting along when economic resources have to be taken from both the county and the local level.

The second example concerns the responsibility for underage refugees coming to Sweden without parents. A critical situation at a refugee center, *Carslund*, was reported in the media in 2002. The number of children at the center, administrated by the Swedish Migration Board (*Migrationsverket*), had increased substantially. Thus, the center was understaffed and the premises were inadequate. Many children were in poor mental health and several suicide attempts were reported. It was claimed in the newspapers that problems of collaboration between the Migration Board and municipal authorities had contributed to the troubles. It was unclear when and how the municipalities should get involved, and which level should take responsibility for costs at different stages of the process. As a consequence, the refugee center became overcrowded (for example, *Dagens Nyheter*, February 10 and 11, 2002; for similar discussions see *Dagens Nyheter*, December 30, 2003).

Governance

The problems of coordinating tiers of government have also received quite a lot of attention among political scientists. In contemporary research, studies

[1] For some classical studies on intergovernmental relations, see Grodzins (1966), Oates (1972), and Wright (1988).

often address the "governance" concept (for example, Pierre 2000; Pierre and Peters 2000; Rhodes 1997; Stoker 1998). Similar discussions are found in studies that prefer to talk about "intergovernmental management" (Radin 2003),[2] "network management" (Kickert, Klijn, and Koppenjan 1997), or "multi-level governance" (Hooghe and Marks 2003; Peters and Pierre 2001; Smith 2003). The central theme in studies that use one of these trendy concepts is how to steer society towards collective goals given a situation in which "boundaries between and within public and private sectors have become blurred" (Stoker 1998, 17; see also Pierre and Peters 2000). It is recognized that governing is difficult and that a simple and conventional view of political steering is not adequate. That is, the central government cannot steer society "from above" independent of other actors (for example, Kickert, Klijn, and Koppenjan 1997; Stoker 1998). Accordingly, the traditional view of bureaucracies—that is, Max Weber's legal-rational model—is not in correspondence with reality. In line with this view, linear political steering-models with the focus on formal, hierarchical relationships should be replaced with models in which relations are more fluid and different public and private actors are assumed to be interdependent in governing processes.

The governance perspective is not an especially elaborated framework. Rather, it is "a set of observations looking for a more comprehensive theory" (Pierre and Peters 2000, 7). Moreover, it does not provide a causal theory. Instead, it is a framework for describing how governing works in practice (Stoker 1998). One might wonder how useful the framework really is and what new insights it actually provides. But the perspective can at least highlight some important research questions.[3] The most fundamental idea of governance research is of relevance in this thesis: the central government cannot realize its ambitions without taking other actors into consideration. For instance, local governments and their objectives and resources are going to influence central government possibilities of reaching policy goals in both federal and unitary political systems.[4]

Two features of the governance discourse are important to underscore here. First, governance theory and empirical studies that relate to governance are often concerned with the interaction of a large number of public and

[2] Sometimes the term "intergovernmental relations" is reserved for relationships among governments within federal states. Moreover, scholars examining the European Union talk about intergovernmental relations when they analyze the relationships among member states. But similar dynamics exist in all political systems. Radin (2003) claims that it is too restrictive to see intergovernmental relations as something that occur only in federal states or between countries.

[3] Many of these questions could, however, be addressed within political science research without explicitly relating to the popular governance research discipline.

[4] Note that prior research on political control, before the "new governance" approach became fashionable, demonstrated that various levels of government influence the output of national government policies (for example, Chubb 1985; Scholz and Wie 1986).

private actors—the network. Coordination problems in these networks are the usual focus of analysis.[5] This thesis is limited to the relationships of central and local government units.[6] I do not consider networks at all and the separate articles are not framed within a governance perspective. I adopt more specific theories. Thus, the essays could not be classified as governance research in the same way as the typical governance study of today. Nevertheless, the arguments and the empirical findings are of relevance for scholars interested in governance processes.

Second, a key discussion in governance research is the role of the central government. According to some scholars, the central government is just one of many actors in self-organizing networks that no single actor can control (for example, Rhodes 1997). That is, hierarchies are more or less unimportant. Some scholars think that this is normatively acceptable. Hirst (2000) claims that the "old" democratic model in which political representatives are held accountable for their actions must be rejected since politicians do not exercise a monopoly on politics. Representative institutions could and should primarily be "watchdogs." Thus, it is necessary to adopt a "democratic model, which involves devolving as many of the functions of the state as possible to society (whilst retaining public funding) and democratizing as many as possible of the organizations in civil society. The aim is to restore limited government and to 'politicize' civil society" (Hirst 2000, 28).

In my view, this is a dubious position both normatively and empirically. If the descriptions of Rhodes and Hirst are correct empirically, I think that the first step is not to surrender. Rather, it is important to find ways to reinstate democratically elected politicians as primary governing actors. A point of departure in this study is that the central government ought to have a significant influence—the government should govern.[7]

Fortunately, elected representatives and hierarchies are still likely to make a difference. The most prominent supporters of this view are Pierre and Peters (2000). Networks have become more important, they claim, but networks are less significant than hierarchical relationships. The government is at the center of governance and the hierarchy "is the benchmark against which we should assess emerging forms of governance" (Pierre and Peters 2000, 17). Lundqvist (2001) examines the validity of the claims of Rhodes and Pierre and Peters using Local Investment Programs for Suitable Development in Sweden as a critical case. The evidence supports Pierre and

[5] For an interesting theoretical discussion and four detailed case studies on collaboration in networks, see Hertting (2003).
[6] For a discussion of central–local government relations, see Rhodes (1999).
[7] This does not, of course, mean that I defend a position in which the central government controls all public concerns in detail. This is not likely to be very beneficial from a democratic or an effectiveness perspective. Actors such as subnational governments in both federal and unitary states should make a difference. But given that the central government is intended to be the main principal, it should definitely be able to govern.

Peters' argument that government is at the center of structures of governance.

Implementation

To understand the conditions for governance, it is important to understand implementation at local level. At this level, political ambitions become actions. Implementation research is about the courses of events in which political ideas are put into practice, that is, what goes on between policy expectations and policy results (deLeon 1999). Local practices are not always the same as the aims stated in official documents. Moreover, performance frequently varies from one local context to another and from time to time. In relation to classical definitions of politics, such as "who gets what, when and how" (Lasswell 1936), implementation studies become important.[8] Certainly, if we do not comprehend how political ambitions and ideas fare in reality, we cannot know who gets what, when, and how.

Jeffrey Pressman's and Aaron Wildavsky's 1973 (1984) book *Implementation* is usually regarded as the starting-point of implementation research.[9] Pressman and Wildavsky conducted a detailed case study of how a public program, with the aim of increasing minority employment in Oakland, California, was carried out in practice. They found large discrepancies between intentions and practice. According to the authors, an important explanation for the unsatisfactory results was that many actors had to coordinate their work in the implementation process. Pressman and Wildavsky identified about thirty major decision points that had to be cleared when the program was carried out. Several participants were involved in the process and making all the actors work together was a difficult task, leading to management problems. Thus, besides bringing implementation onto the political scientists' research agenda, Pressman and Wildavsky pinpointed the dilemmas of interorganizational policy implementation.

The research body that followed the Pressman/Wildavsky-study is rather messy. As O'Toole (2004, 310) puts it, "theories about policy implementation have been almost embarrassingly plentiful, yet theoretical consensus is not on the horizon ... After hundreds of empirical studies, validated findings are relatively scarce." Similar conclusions are drawn by scholars such as Matland (1995), deLeon (1999), and Rothstein (1994, ch. 3). But one of the

[8] Among the most influential implementation studies are Brehm and Gates (1997), Elmore (1979), Goggin et al. (1990), Hjern and Porter (1981), Lipsky (1980), Mazmanian and Sabatier (1989), and Pressman and Wildavsky (1984). There are also several overviews of the literature, such as Lester et al. (1987), Matland (1995), and Winter (2003a; 2003b).

[9] But Pressman and Wildavsky were not the first scholars to address questions of implementation (Winter 2003a, 203; Hill 1996, 127–28). For instance, Herbert Kaufman (1960) examined implementation in the book *The Forest Ranger* many years before *Implementation* was published. Nonetheless, it was the work of Pressman and Wildavsky that placed the issue of implementation in a paramount place on the research agenda.

few things scholars agree on is the conclusion by Pressman and Wildavsky that we have to take into account that many actors influence implementation if we want to understand what is going on at local level (O'Toole 2003).

Interorganizational relationships were subject to intense scrutiny in early studies. For example, Hanf, Hjern, and Porter (1978) studied local networks carrying out adult labor market training in Sweden and Germany. They indicated that the implementation of these training programs required assistance from many public and private organizations. Another contribution is an analysis by Hjern and Porter (1981), who argued that clusters of organizations normally carry out public programs. A multiorganizational unit of analysis is therefore appropriate when describing and evaluating public policy implementation. O'Toole and Montjoy (1984) is yet another pioneering study. They analyzed different types of ties between organizations and discussed how these relationships are likely to affect policy implementation. The focus on multiple actors has remained a recurrent theme in empirical research.[10] O'Toole (2003, 237) concludes:

> The topic of interorganizational relations will remain important for administrators tasked with helping to make policy implementation succeed. Accordingly, it is critical to understand how to make sense of such institutional settings for improving prospects for implementation success.

Usually, interorganizational policy implementation involves an intergovernmental aspect. According to Kettl (1993, 414), "nearly 80 percent of all of the entries for programs and organizations in one standard implementation textbook are for programs and organizations that have an important intergovernmental dimension." Thus, the implications of these relations for public policy implementation are worth paying attention to.

A seminal work in this context is Goggin et al. (1990). Goggin and his colleagues argued that research had neglected the role of the state level in research on implementation of federal mandates in the United States. The authors suggested a model of intergovernmental policy implementation. Interests and motives, incentives and constraints, and power and resources at various levels were assumed to affect how political ideas were turned into practice. Case studies of hazardous waste policy, waste-water treatment projects, and family planning programs suggested that several levels of government should be taken into account. In an earlier study, Thomas (1979) discussed similar things. Thomas stressed the importance of working out jurisdiction between levels of government. Implementation at local level would otherwise become difficult.[11]

[10] Studies such as Agranoff and McGuire (2003), Bardach (1998), Hudson et al. (1999), Jennings (1994), Jennings and Ewalt (1998), and O'Toole (1983) contribute to the debate.

[11] In a more recent study, Cho et al. (2005, 33) claim that the literatures on intergovernmental relations and policy implementation, to a large extent, "run parallel rather than intersect."

Research questions

The journey thus far has showed that it can be difficult for central government to realize ambitions at local level and that subnational actors are likely to have a stake in implementation. From a democratic perspective, elected representatives should be able to govern. Thus, the problem is how to coordinate various levels and actors. These actors may be politicians or public servants. Hence, three research questions are important to penetrate in order to comprehend local actions.

First, we need to discern the role of local politics: *Do local government actions dependent on what political parties control the local legislature?* Or can the central government expect local units to act in a similar manner regardless of who governs? There is a large literature on the effect of political parties on public policy. A number of studies are concerned with the subnational level (for example, Besley and Case 2003; Petterson-Lidbom 2006). The insights from this body of research can be used to improve our understanding of central government steering possibilities. Essay I builds on and contributes to this literature.

Second, in order to coordinate activities of local units, it is important to find out what factors explain cooperation between agencies: *How can the government make agencies work together?* Many studies try to explain interorganizational cooperation in policy implementation (for example, Alter and Hage 1993; Bardach 1998; O'Toole 2003). Essay II adds to this research and reveals some conditions for cooperation across organizational and governmental boundaries.

Third, we cannot assume that cooperation always improves policy implementation. Thus, the impact of interorganizational cooperation on policy output and outcome is also a key topic: *Does cooperation between agencies affect policy implementation?* Some studies have focused on this question (for example, Jennings 1994; Jennings and Ewalt 1998). The purpose of Essay III is to take a close look at the effects of cooperation.

The role of local governments in Swedish active labor market policy

What is an appropriate case for studying the questions of interest in this thesis? Two features are of certain interest. First, two different public authorities, representing different levels of government, must be involved in the implementation process. Second, there has to be some potential conflict of interest between levels of government. Additionally, an important and high-prioritized policy area is, of course, preferred over an issue of less importance. ALMPs in Sweden is one case that fulfills these requirements.

In this section, the relationship between central and local government authorities in Swedish ALMPs is described. The section is divided into six subsections. First, I provide a short account of the role of local governments in the Swedish political system. Second, the central government role in ALMPs is portrayed. Third, I show how local governments are involved in ALMPs. Fourth, the objectives of central and local government actors are discussed. Fifth, it is demonstrated that the agencies interact to a considerable extent. Lastly, a short summary is offered.

Local governments in Sweden

Sweden is a unitary state, but has a long constitutional tradition of local government liberty. There is a county level (*landsting*), but local governments (*kommuner*) are more important. As of 2007, there are 290 local governments (or municipalities) in Sweden with an average population of approximately 30,000 inhabitants. The largest municipality is Stockholm and the smallest is Bjurholm: Stockholm has almost 800,000 residents and Bjurholm fewer than 3,000. The municipalities provide a lot of services of the welfare state, including day care, care of the elderly, social welfare services, and primary education. As a result, they employ around 20 percent of the total Swedish workforce. To a large extent, local services are financed by local income taxes: only around 20 percent of their income is from grants. Municipalities can set the tax rate freely, there are no restrictions on borrowing, and municipalities decide on their own organization.[12] In a comparative perspective, local governments in Sweden are considered to have a high degree of autonomy (Lidström 1996; Norton 1994).

But local government liberty is not unconditional. The central government regulates activities through various steering mechanisms, such as laws and decrees. A common criticism is that the central government has decentralized a lot of responsibilities without providing the necessary funding (Johansson 1996; Montin 2002). Furthermore, some scholars argue that there has never been a genuine desire to diffuse much real power down to the local level (Dahlkvist and Strandberg 1999). But most scholars agree that there has been an overall tendency towards decentralization and that municipalities have a key role in the Swedish political system, even though there are obvious restrictions on actions (Montin 2002; Peterson 1994).

ALMPs – A central government responsibility

Municipalities manage a considerable part of the Swedish welfare sector. At the beginning of the twentieth century, labor market activities were also a

[12] For a description of the Swedish municipalities, see Gustafsson (1999), Montin (2002), and Petersson (1994).

local government concern. But in 1940, intended to be a temporarily solution in turbulent times of war around the world, the national government took over responsibility from the local governments. It did not turn out to be a provisional solution. The National Labor Market Administration (*Arbetsmarknadsverket*) was institutionalized in 1948 in order to give nation-wide effect to labor market activities (Thoursie 1990).

Labor market policies are usually split into two broad categories: passive (PLMP) and active (ALMP) measures. Unemployment benefit is the main type of passive support. Labor market training, subsidized employment, work practice, and diverse job brokering activities are typical examples of active programs. The active policy is primarily guided by ideas introduced by trade union economists Gösta Rehn and Rudolf Meidner in the 1940s and 1950s. An extensive and active policy was necessary in order to combine the policy objectives of high employment, low inflation, wage solidarity, and endorsement of economic growth. Mobility-enhancing activities, such as labor market training, were to be used so that workers risking unemployment could be moved from low-productivity sectors to high-productivity sectors. The policy was therefore an important part of Sweden's economic policy, and national government control was considered important (Rothstein 1996, 56–64).

Today, Public Employment Service (PES) offices (*Arbetsförmedlingar*) implement central government decisions at street-level. There are about 300–350 PES offices in Sweden. Some of them are specialized in the rehabilitation of unemployed with work disabilities and others work within a particular business sector. But the vast majority of agencies provide services to all kinds of job-seekers and employers, and can use the full set of ALMPs available. The average number of employees is approximately 22, but some offices only have a couple of employment officers, and others a staff of 100 members or more.[13]

Historically, the recruitment policy at all levels within the administration has been based on ensuring the staff's ideological commitment to national policy objectives, rather than on formal education and merits. Promotion policy and the training of employment officers have also aimed at guaranteeing a commitment to overall national goals. The reason behind this kind of staff policy was that a flexible organization with large discretion at local level was preferred in order to make the policy efficient. At the same time, to ensure that the policy worked according to national government

[13] These figures are based on the National Labor Market Administration's personnel statistics from 2003.

intentions, it was important that street-level bureaucrats understood and approved of policy objectives (Rothstein 1996, 116–30).[14]

The overall goal of the policy is an effective national labor market with full employment and good economic growth (Runeson 2004, 10). In order to reach this goal, management by objectives (*målstyrning*) is the principal mechanism for governmental control over the National Labor Market Administration and for supervision within the administration (Lundin 2004; Nyberg and Skedinger 1998). There are, of course, laws, rules, and guidelines, but the local employment officers are relatively free when deciding the appropriate actions in a particular case (Lundin 2004). The following list, based on Runeson's (2004, 9–13) survey of official documents, summarizes the administration's central tasks when trying to reach the overall goal of an effective labor market:[15]

- Match job-seekers with vacancies
- Improve the skills of unemployed individuals
- Enhance flexibility in the labor market
- Protect and take special measures for weak groups in the labor market
- Counteract inequalities between men and women in the labor market
- Treat clients uniformly all around the country
- Adapt activities to conditions in different parts of the country
- Adapt labor market programs to the individual and improve his or her chances of getting a job
- Provide financial security to job-seekers through the unemployment insurance system, but monitor that job-seekers follow the official requirements for receiving benefits
- Programs should not distort competition and displacement effects should be minimized
- Activities should not distort the ecological balance

These general tasks are complemented by specific quantitative goals adapted to each PES office.[16] It is apparent that ALMPs are primarily focused on macroeconomic performance, that is, an effective matching procedure bet-

[14] This is primarily a historical account of how the labor market administration was organized in the 1950s, 1960s, and 1970s. Systematic evidence on the contemporary organization is, to my knowledge, lacking. Formally, recruitment should be based on skills and experience rather than on ideological commitment today.

[15] The National Labour Market Administration is primarily regulated by the following official laws and decrees: Law (2000:625), Ordinance (2001:623), Ordinance (2000:628), and Ordinance (2000:634).

[16] For example, in 2003 and 2004 there were quantitative goals concerning long-term unemployed clients, unemployed youth, part-time unemployed individuals, and unemployed persons with work disabilities. Moreover, there were also quantitative goals to measure the output of labor market training, the share of clients having an individual action plan, and employers' satisfaction with the local PES office (Lundin 2004, 15–17).

ween available jobs and job-seekers. It is also obvious that local interests must not be prioritized over the national goal of decreasing unemployment. For instance, the Swedish government notes that "narrow municipal interests must not be prioritized over the goal of reducing unemployment and bottlenecks on the labor market since these interests may have negative effects on the functioning of the labor market" (Government Bill 1999/2000:98, 70).[17] Nevertheless, the government recognizes that within overall macroeconomic objectives, activities ought to be adapted to local conditions and to clients' needs and skills. In the next subsection, I will demonstrate that local governments have a key role in this process.

Local government involvement in ALMPs

Although the national government took over responsibility for ALMPs in the 1940s, the municipalities have remained important actors. For example, they organized public relief works throughout the twentieth century (Olli Segendorf 2003). In several governing documents, the Swedish government makes clear that the National Labor Market Administration must carry out activities in close collaboration with the municipalities.[18] Besides these general exhortations, the Swedish government has also taken a number of steps in order to increase municipal involvement in ALMPs. Most of these decisions were made in the 1990s when there was an unemployment crisis in Sweden. Some examples are presented below.[19]

- At local level in Sweden there are joint cooperative and advisory bodies with the purpose of adapting ALMPs to suit local conditions. These bodies are called Employment Service Committees (*Arbetsmarknadsnämnder*). Some kind of local advisory bodies have existed in Sweden since the 1970s, but in 1996 the committees were reformed. The national government wanted to strengthen the municipalities' role in ALMPs. Thus, municipal representatives should constitute the majority of the committee members. In addition, the municipalities were given the right to nominate the committee chairman. This construction is somewhat peculiar since ALMPs are supposed to be a responsibility of the central government. But committee representatives from the National Labor Market Ad-

[17] This is my own translation of the following quote in Swedish: "De snävt kommunala egenintressena får inte prioritieras framför bekämpningen av arbetslöshet och begynnande flaskhalsar eftersom det kan ge oönskade effekter på arbetsmarknadens funktionssätt."
[18] For example, in Ordinance (2000:623) the PES offices are urged to work together with the municipalities.
[19] This list can be developed further. For additional examples, see Government Bill (2002/03:44) and Forslund, Fröberg, and Lindqvist (2004).

ministration were supposed to stop decisions that run counter to national objectives (Lundin 1999; Lundin and Skedinger 2006).[20]

- Another policy change in the 1990s concerned programs for unemployed youth. In 1994, the government declared that no young person should remain unemployed for more than 100 days without taking part in an active program. The government's ambition was that every individual under 25 years of age should be offered a labor market program if he or she was unable to find a job within three months of registration as unemployed at the PES. The government encouraged the municipalities to take part in the actions by instigating two labor market programs. The Municipal Youth Program (*Kommunala ungdomsprogrammet*) was introduced in 1995. In 1998, the UVG-guarantee (*Ungdomsgarantin*) was implemented. The former program was directed towards youth below 20 years of age; the latter concerned youth aged 20–25. Both programs implied that the municipality should arrange activities for young unemployed while getting some financial compensation from the PES office (Carling and Larsson 2005).[21]

- An additional policy change with implications for the municipalities' engagement in ALMPs was a change in the Social Service Act in 1998. The reform made it possible for the municipalities to demand those social assistance recipients whose major problem was considered to be unemployment to participate in work related programs in exchange for social allowances. Municipalities were allowed to reduce benefit if clients refused to take part in work related programs.[22] This resulted in a lot of municipal labor market related activities for unemployed social assistance recipients (Hjertner Thorén 2005; Salonen and Ulmestig 2004).[23]

Municipalities are involved in many labor market programs. Lundin and Skedinger (2006) estimate that in 1999, 40 percent of the participants in all the National Labor Market Administration's active programs were, in fact, organized by the municipalities. The target groups are often youth (Carling and Larsson 2005) and social allowance recipients (Salonen and Ulmestig

[20] The Local Employment Service Committees are regulated by Ordinance (2001:623). See also Government Bill (1994/95:218), Government Bill (1995/96:25), Government Bill (1995/96:148), Government Bill (1995/96:222), and Government Bill (1999/2000:98).
[21] See Law (2000:625) and Ordinance (2000:634). See also Government Bill (1994/95:218), Government Bill (1997/98:1), and Government Bill (1999/2000:98).
[22] See Law (2001:453) and Government Bill (1996/97:124).
[23] Salonen and Ulmestig (2004, 35) estimate that around 12,000 persons were activated in such measures at any given point in time in 2002. This corresponds to approximately 10 percent of all the individuals participating in labor market programs in Sweden.

2004). Job-search assistance and work practice are some of the activities municipalities arrange.

Many local governments have established a labor market administration to handle labor market issues. This is probably a consequence of increased municipal engagement in ALMPs in the 1990s. In 1995, about two in ten municipalities had instigated such an administration. Three years later, in 1998, the share had increased to approximately seven in ten (Swedish Association of Local Authorities 1999).[24]

Why are municipalities taking part in ALMPs? The central government wants local governments to be involved since they can contribute with diverse forms of local resources. From a municipal viewpoint, unemployment entails considerable problems. For instance, the local unemployment rate impinges on municipal revenues; high local unemployment will result in low tax revenues. Unemployment also increases municipal costs. For instance, unemployed persons not qualifying for unemployment benefits financed by the central government often need social allowances paid for by the municipalities (Wetterberg 1997). Unemployment may also make citizens leave the municipality in order to get jobs in other parts of Sweden. Thus, for reasons such as securing the local tax base, decreasing expenditure on social allowances, and stopping emigration, the municipalities may try to help the PES offices out.[25]

Central and local government objectives

By now we know that both central and local government authorities are involved in the implementation of ALMPs in Sweden. But what objectives do the authorities have? Should we expect conflicts of interest?

There is no reason to doubt that both the central and the local level share the overall goal of decreasing unemployment. But interests may diverge within this general goal. A simple example can be used as illustration: emigration is a serious problem for municipalities in Sweden—the tax base is endangered. From a national labor market perspective, however, geographical mobility is important. The PES offices' task becomes easier if unemployed clients move from a troublesome labor market environment to areas where the chances of getting a job are better. Accordingly, whereas municipalities probably are more focused on finding a local solution, PES

[24] Note that municipalities that do not have a special labor market administration manage labor market issues within another administration, for example, social services.

[25] Recently, centralization tendencies have become more apparent in Swedish ALMPs. For example, the municipal youth programs discussed above were abolished in spring 2007 (Government Bill 2006/07:100; Ministry of Employment 2007), since evaluations indicated poor results (for example, Carling and Larsson 2005; Forslund and Nordström Skans 2006). However, there is no systematic knowledge on centralization tendencies and it is too early to say that subnational levels have lost influence.

offices are likely to be more open to activities that do not benefit local governments.[26] In a study of the Local Employment Service Committees, Lundin (1999) found that 60 percent of the committee members were of the opinion that there were conflicts between central and local interests in local level activities.[27] Thus, there are reasons to assume that a central–local dimension gives rise to certain dilemmas when ALMPs are implemented.

Within the present research project, questionnaire data on the relationships between PES offices and municipalities have been gathered. These data are used in essays II and III. Details are reported in the appendix attached to this introduction. The respondents were PES managers, managers of municipal labor market administrations, and local politicians in charge of municipal labor market activities. A set of questions concerned the agencies' objectives. Table 1 shows—by denoting the share of respondents claiming that a certain goal receives "very high" or "fairly high" priority—how the authorities allocate priorities among different goals.

The findings are decisive. As expected, reducing unemployment is very important to both organizations. Both of them also give high priority to unemployed youth, clients with severe difficulties in the labor market, and matching procedures. But the overall impression is that agencies prioritize objectives in a different manner.

The PES offices put much more emphasis on formal directives and guidelines from the central government. While 98 percent of the PES managers said that central government rules and guidelines have high priority, only 58 percent of the municipal managers and 31 percent of the politicians gave the same answer. In addition, municipal representatives do not consider the goals of the National Labor Market Administration to any significant extent. Because subsidizes are for the most part paid by the central government, it is not surprising that shifting persons from subsidized to unsubsidized jobs is another objective primarily of concern for the PES offices. Furthermore, monitoring is more important for PES offices, whereas municipal officials give somewhat more priority to clients' own needs and requests.

[26] A concrete and real example demonstrates this: in the Local Employment Service Committee of Arjeplog, the municipality acted in order to shift financial resources from a central government mobility grant to local labor market programs (Protocols of Local Employment Service Committee February 21, 1997 and October 29, 1997, municipality of Arjeplog). These activities were halted, but it indicates that local representatives may act in order to benefit their own commune in the implementation of ALMPs.

[27] A couple of open comments may illustrate this further. A handful of representatives from the National Labor Market Administration said that "the municipality wants to increase local population, whereas the PES ought to increase geographical flexibility on the labor market", and "municipalities like to improve their budget through national labor market resources". On the other hand, some municipal representatives concluded "local initiatives are blocked by national rules on how the labor market policy should work" (Lundin 1999, 45–6).

Table 1. Objectives in ALMPs: Percentage Claiming that a Certain Objective is Given "Very High" or "Fairly High" Priority

	PES	Municipality		
Objective	Managers	Managers	Politicians	Difference
Attaining the quantitative goals of the National Labor Market Administration	97	37	35	+ 61
Following central government rules and guidelines	98	58	31	+ 53
Monitoring clients	91	53	58	+ 36
Shifting people from subsidized to unsubsidized jobs	72	52	62	+ 15
Improving matching between available jobs and unemployed persons	97	70	82	+ 11
Ensuring that there are labor market programs for groups of unemployed with severe problems in the labor market	94	80	86	+ 11
Ensuring that there are labor market programs for young people under 25	98	92	95	+ 4
Reducing unemployment	91	89	95	- 1
Taking clients' own requests and needs into account	62	82	69	- 13
Improving municipal services for the local population	12	49	52	- 38
Activating unemployed persons living on social assistance in labor market programs	29	79	89	- 55
Increasing or maintaining the local population	16	68	92	- 61
Reducing expenditure on social assistance	6	83	92	- 81

Notes: Data come from questionnaires distributed to managers of PES offices, managers of municipal labor market administrations, and local politicians having responsibility for labor market questions. Formulation of question: "How are the following objectives prioritized at the PES (in the municipality's labor market activities)?" The question directed to the politicians was slightly different: "How are the following objectives prioritized by the political majority in the municipality?" A scale of five categories was used: "Very high," "Fairly high," "Neither high nor low," "Fairly low," and "Very low or not at all." The number of respondents for each item was between 258 and 264 among the PES offices, between 238 and 242 among municipal managers, and between 231 and 242 among the politicians. The difference column presents the percentage point difference between answers from the PES offices and the average of managers' and politicians' answers in the municipalities.

Municipalities think that objectives of a local character are important. Two examples underscore this. First, among the PES managers, 16 percent regarded population goals as important. About 68 percent of the municipal managers and 92 percent of the local politicians noted that maintaining or increasing the local population is an important objective in local ALMPs. Second, the PES offices do not pay for social assistance. This is probably why decreasing these expenditures and activating unemployed persons living on social assistance in programs are objectives to which they do not give priority. More or less all municipal actors claimed that these matters are important.

A couple of objectives are prioritized somewhat differently among municipal managers and politicians. The elected representatives give less attention to central government rules and guidelines. Furthermore, they think that population goals are even more important. By and large, however, the two groups of municipal representatives provide a rather similar picture.

In another survey question, I asked whether there had been any conflicts between the PES and the municipality in 2003. Around 28 percent of the PES managers, 50 percent of the municipal managers, and 32 percent of the local politicians reported minor or major conflicts. Most of these respondents marked the response alternative "yes, minor conflicts." Thus, it is probably not correct to describe the relationship as extremely problematic. Nevertheless, I believe that it is safe to conclude that there are conflicts of interest that emerge as a consequence of the fact that the authorities represent different tiers of government.

Do PES offices and municipalities interact?

A final question to consider before this description of the research setting is complete is to what extent the authorities interact in local activities. In the questionnaire, the respondents were asked to report the level of contact between the authorities. They also reported how much they communicated with other groups of actors involved in ALMPs. The answers to these questions are presented in Figures 1–3.

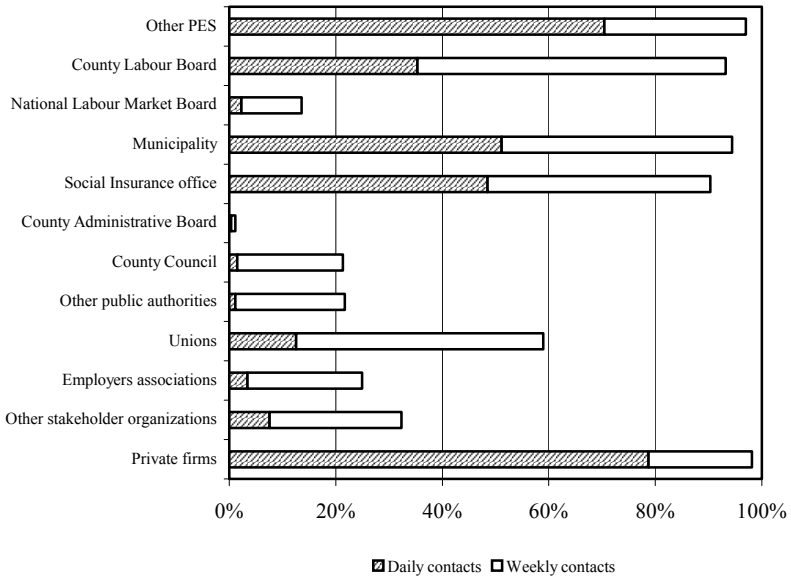

Figure 1. Frequency of Communication between PES Offices and Diverse Categories of Organizations (Answers by PES Office Managers, n = 263)

Figure 1 indicates the level of communication according to PES managers. More than nine in ten reported that the PES has at least weekly contacts with the municipality. About 50 percent noted daily contacts. Only private firms and other PES offices are contacted to a greater extent. Most potential work opportunities are located within the private sector and actions probably need to be coordinated among neighboring PES offices. It is therefore not surprising that these groups of actors are contacted more often. Note that the PES offices seem to interact more with municipalities than with key actors such as unions, employers' associations, and even the County Labor Boards.[28]

The answers from municipal managers are reported in Figure 2. The picture from Figure 1 is underscored. Communication within the municipal organization is, of course, rather intense. But the municipalities' interaction with the PES offices is frequent as well: around nine in ten report that the authorities contact each other at least on a weekly basis.

[28] The County Labor Board (*Länsarbetsnämnden*) is the body within the National Labor Market Administration located at the county level.

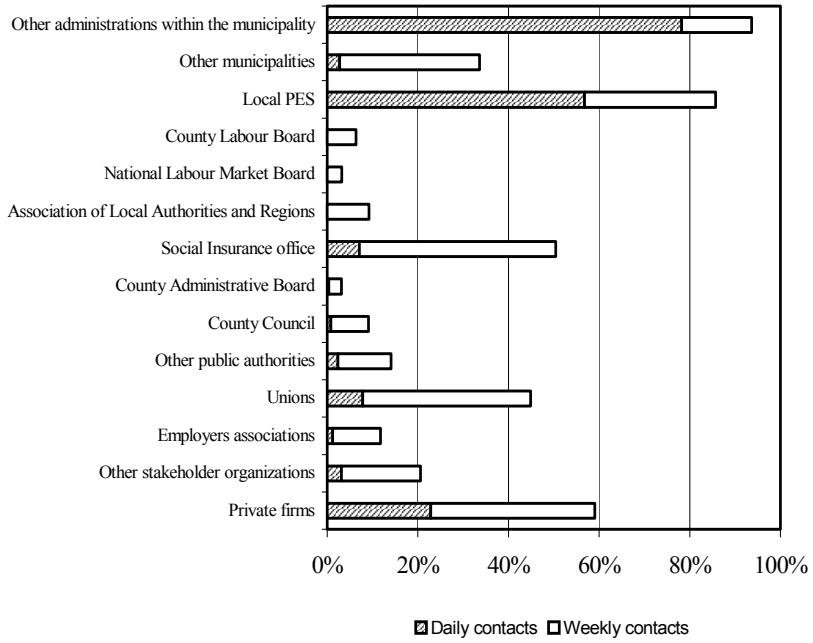

Figure 2. Frequency of Communication between Municipal Labor Market Administrations and Diverse Categories of Organizations (Answers of Municipal Labor Market Managers, n = 248)

Figure 3 presents the answers from municipal politicians. At first glance, Figure 3 seems to show a somewhat different picture. But unlike the managers, the politicians were supposed to provide an answer that reflected how often they *personally* communicate with other actors in labor market related issues. This means that their answers are not an account of the municipal labor market administrations' communication with various groups of actors. Very few politicians speak to civil servants at the PES office on a daily basis. Around 20 percent indicate at least weekly communication. On the other hand, in comparison to other groups of labor market actors, the PES offices are important.

All things considered, there seems to be a lot of contact between PES offices and municipalities. In general, they do not operate in isolation from each other.

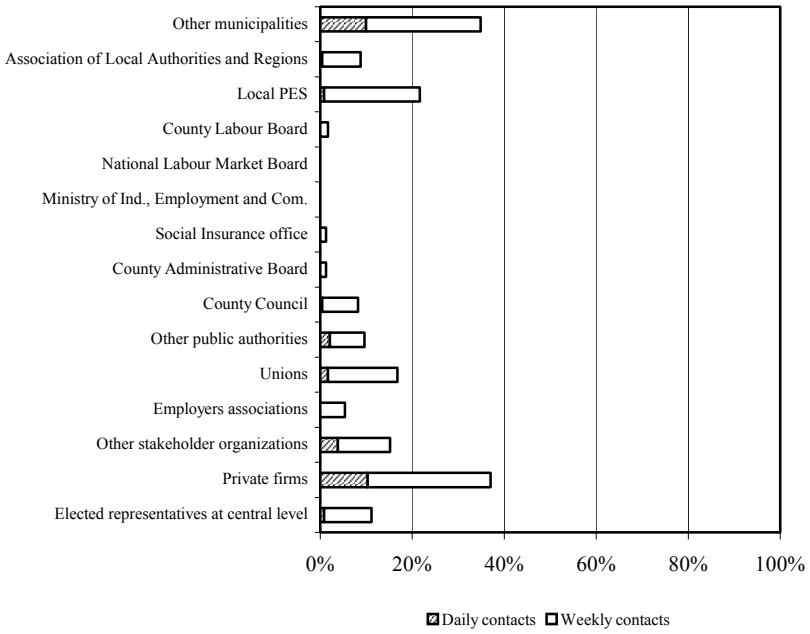

Figure 3. Frequency of Communication between Local Politicians in Charge of Labor Market Activities and Diverse Categories of Actors (Answers of Municipal Politicians, n = 237)

Governance and Swedish ALMPs

It is obvious that it is important to take relationships between levels of government into account in Swedish ALMPs. The central government has ambitious goals within labor market policy. A large and strong national public authority is intended to take care of labor market operations. But at local level, local governments are also involved when decisions are turned into actions. Central and local government agencies interact to a great extent in policy implementation. And even though reducing unemployment is a top priority for both actors, objectives diverge to a considerable extent. This means that governance may be complicated.

In the essays to follow, the conditions for governance within ALMPs in Sweden are analyzed. It is examined whether political partisanship at local level influences municipal policy within ALMPs: Does it matter whether the left wing or the right wing governs at local level? Furthermore, explanations to cooperation between PES offices and municipal administrations are studied: What factors boost cooperation? Lastly, I take a look at the impact

of cooperation on policy output: When does cooperation improve public policy implementation? In the next section, the essays are summarized.

Lessons from the essays

The three essays of this thesis pose general research questions, with distinct purposes beyond ALMPs in Sweden. This means that the study provides insights both to the particular case and to common problems in most policy areas.

Lesson one: Political partisanship explains local government policies, but only in large local entities

Do political parties make a difference for public policy? This question constitutes a large political science literature. Essay I adds to this body of research. The focus is local governments and it is hypothesized that political partisanship has a greater impact on public policy in large local entities than in small ones. The hypothesis rests on the idea that politics is more pragmatic, and party antagonisms less pronounced, in small subnational entities.

Empirically, local government involvement in ALMPs in Sweden is analyzed. There are strong reasons to suspect leftist local governments to be more involved in ALMPs than right-wing ones since these policies primarily benefit the core voters of the left. But if politics are more pragmatic in small entities, and if party politicization becomes more important as entity size increases, the effect should be larger in more sizeable entities.

The analysis is based on quantitative panel data from 1998 to 2005. The amount of resources used for ALMPs per local inhabitant is employed as the dependent variable. These data allow for hard empirical tests. In accordance with the hypothesis, the effect of political partisanship turns out to be contingent on local population size. In the smallest entities, it is not important who governs—ALMP expenditures are not affected by political partisanship. As population size increases, partisanship begins to play a much more essential role. Left-wing governments spend, on average, more money on ALMPs than right-wing governments. Thus, forthcoming studies on the importance of local political partisanship for public policy should consider a possible interaction term between partisanship and size.

The study also reveals that local needs explain local government involvement in ALMPs to a large extent. A factor such as unemployment is, not surprisingly, an important explanation.

The findings can primarily be generalized to countries in which local governments have a lot of autonomy and to policy areas in which there is an apparent left–right political dimension. But there is no strong reason to

assume that the idea does not apply in other settings as well since the argument is general. More research could reveal whether this is correct.

Lesson two: Trust and similar goals increase cooperation only when they exist simultaneously

A perennial problem of public administration is how to make agencies work together. In Essay II, the task is to explain levels of cooperation between agencies. Previous research shows that resource interdependence, goal congruence, and mutual trust boost interorganizational cooperation. These three factors are also examined in Essay II. The empirical findings show that all three are important. But it is argued that interaction effects must be considered in order to fully understand the relationships. The argument is not restricted to the study of ALMPs in Sweden, or to intergovernmental relations. It is a general claim concerning how cooperation between organizations and between individuals ought to be understood.

The study is based on 203 dyads of Swedish PES offices and municipal labor market administrations in 2003. I find that mutual trust is necessary if goal congruence is to increase cooperation between agencies. It is argued that this is because objectives cannot be communicated in a credible way when one party does not trust one another. Furthermore, mutual trust has a positive effect only if organizations have similar objectives. The idea is that trust can make cooperation easier, but if actors do not want the same thing it does not matter how reliable they find one another; trust is not sufficient by itself. Thus, the common claims that trust and goal congruence affect cooperation should be modified. Cooperation will increase when trust and goal congruence exist *simultaneously*. Thus, if a management strategy aimed at increasing cooperation only focuses on organizational objectives or the level of trust, it is likely to fail.

But the study indicates that the effects of trust and resource interdependence are not contingent on each other. My argument that resource interdependence and trust should be interacted is therefore not supported by evidence from ALMPs in Sweden. This may be a result of methodological problems, but it is also possible that resource interdependence is enough to guarantee that actors are honest and stick to an agreement. Research projects with the aim of solving this puzzle would be valuable.

The findings of the study are robust, but it necessary to be cautious when it comes to causal statements since the analysis is conducted within the limits of a cross-sectional design. One fundamental question is the causal order between trust and cooperation. Accordingly, additional studies seeking to discern the importance of interaction terms between trust on the one hand, and resource interdependence and goal congruence on the other hand, would be valuable.

Lesson three: Cooperation improves implementation of complex tasks

Essay III is concerned with the fundamental question of policy implementation: What factors explain policy output? Interorganizational cooperation is often considered valuable in the public sector. If cooperation increases, so the argument goes, political objectives will be reached to a greater extent. But in Essay III it is proposed that the impact of cooperation is contingent on the type of policy being carried out.

It is suggested that the effect of cooperation on implementation performance increases with task complexity. It is likely that the benefits from cooperation are rather low when the task does not demand a wide range of intense actions. In these situations, the capacity to carry out decisions is not enhanced that much through cooperation—the most important resources are already available within a certain agency. Working across organizational boundaries implies costs. For instance, time and other resources are necessary to establish and maintain a productive relationship. If cooperation does not imply that many benefits, there is a significant chance that costs will be high in relation to benefits. But as complexity increases, so do the benefits. Cooperation becomes a more value adding activity. Accordingly, I expect no or very little impact from cooperation when the task is not complex and a stronger positive effect in the case of complex tasks. To my knowledge these arguments have not been discussed and studied in the context of local policy implementation before.

Two policies within Swedish ALMPs are examined: programs for unemployed youth and activities for clients with an especially demanding situation on the labor market. The fundamental difference is that the youth policy corresponds to standard duties, while the activities for clients in a particularly difficult situation are much more complex. The prediction is that cooperation is a more fruitful strategy in the latter case.

In agreement with the hypothesis, the empirical test suggests that policy matters. A positive effect of cooperation is indicated only when the policy is complex. I argue that Swedish ALMPs constitute a critical case in an important sense. There are strong reasons to expect that cooperation generally is a good strategy. First, information requirements are high. Second, both authorities share the overall goal of reducing unemployment. Third, the client groups of the two policies are highly prioritized by both agencies (see Table 1 in this Introduction). Fourth, both the PES offices and the municipalities have resources that can be valuable in the implementation of measures for both client groups. Given the empirical findings, there is no reason to expect a positive effect of cooperation in situations in which the conditions are less favorable if the task is not complex.

The main lesson of Essay III is that we should not take for granted that cooperation makes implementation better. Thus, scholars should develop and test theories on *when* interorganizational cooperation is a good strategy for

making political ambitions come true. And practitioners should perhaps not see cooperation as a panacea for improving public sector performance.

Routes to better governance

I started this overture with a question: How can the central state direct public bodies to work effectively towards public sector goals? Obviously, this thesis cannot decisively answer this grand question. The essays deal with questions that ultimately are about causality—and causality is always intricate in the social sciences. All ideas introduced in the thesis must be analyzed in additional contexts before distinct, generalized knowledge is possible.

The thesis indicates a number of ways that research can be improved. For instance, more quantitative studies on policy implementation are needed, especially from European countries. Pooled cross-sectional time-series data sets would be particularly welcome. Closer looks at the causal mechanisms that are suggested in the three essays are also valuable. Moreover, additional indicators of key variables—for example, implementation output and resource interdependence—would also be helpful. A last important lesson for future research is the significance of interaction effects: All three essays examine whether the effect of a certain variable differs depending on other factors. In all three cases, interactions were important. For example, political partisanship is more important for public policy in large than in small local entities. Thinking in terms of conditional impacts can be helpful for improving both theory and empirical analysis. General law-like theories such as "partisanship matters for public policy" are, of course, more appealing. But integrative theories can often make our claims more precise. The fortunes and problems of interaction effects have been discussed in many prior studies (for example, Lindgren 2006; Oskarsson 2003). But in the literatures of central interest for this thesis, studies that focus on interaction effects are rather scarce. In my view, a promising path for future research would be to consider possible interactions more seriously.

Although more research is needed, this thesis has provided important insights to governance processes. The main implications can be summarized as follows:

- Local agencies from different levels of government interlock in policy implementation at local level. Although they share overall objectives, they will have different priorities as a consequence of the fact that they represent different levels of government. The objectives affect cooperation between units of government. Goal congruence boosts cooperation. But goal congruence is not a sufficient condition for increasing joint actions. If there is no trust, cooperation will be com-

paratively low, even though agencies want the same thing. Nevertheless, trust does not make a difference if the actors have different objectives. Thus, it is important to consider trust and objectives at the same time.

- Local government actions are motivated by local needs to a large extent. In addition, when agencies need one another, cooperation between them increases. This means that steering mechanisms should probably look different, depending on the local situation.

- Political ideology does not play an important role in local government actions in small entities. But in large entities partisanship has a profound impact. Thus, coordination procedures should most likely take different forms in large and in small entities.

- A high level of cooperation between units of government can improve public policy implementation. But whether this actually is the case will depend on how complex the task is. Policies that are not particularly complex are not carried out better as a consequence of collaborative endeavors. As complexity increases, it becomes more important that agencies actually work together if the central government wants to achieve its policy ambitions.

The governance literature claims that multi-level and multi-jurisdictional governance is the norm rather than the exception. Whether this is true or not, and whether this is something really new, is debatable. But in any case, the scope and focus of governing will often involve an intergovernmental dimension. I have provided information on what is actually going on at local level. How these facts should be valued from a public management perspective is up to others. However, the findings can hopefully help us find the routes to better governance we all seeking so desperately.

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Appendix: A description of the questionnaire data

The essays housed in this thesis are based on large-*N* data. Essays II and III rely heavily on new questionnaire data collected within the research project. The survey is only sketchily described in the essays. Thus, a somewhat more detailed description is offered in this appendix.

Design

In February 2004, postal questionnaires were distributed to all PES offices and municipalities in Sweden.[29] Three groups were approached: (i) PES managers, (ii) managers in charge of municipal labor market activities, and (iii) municipal politicians with formal responsibility for labor market issues. The preparation time was about six months and several persons commented on the questions and the design.[30] The questions focused especially on the relationship between the PES offices and the municipalities, but various issues of local labor market activities were considered.

The addresses of the PES offices were taken from the webpage (http://www.ams.se) of the National Labor Market Administration: 366 workplaces were identified. The 290 municipalities were contacted in advance by telephone in order to locate the responsible politicians and managers. In the municipality of Stockholm, labor market operations are handled in 18 different offices organized geographically (*kommundelar*). This was recognized after data collection had started. Thus, I administered the survey by e-mail to the city districts of Stockholm. Three different forms were designed, one for each group of respondents. Three postal reminders and one reminder by phone were conducted. Data collection ended in May 2004.

Response rates

The response rates were satisfactory (see Table A1). I removed eight PES offices from the original population. Some of these offices had been closed down or merged with other PES offices, while others only had support functions without responsibility for clients. About 75 percent of the 358 offices remaining in the population participated in the survey. In Stockholm, 56 percent of the municipal managers answered the questionnaire, whereas 85 percent of the managers in other parts of Sweden participated. Finally, 84 percent of the municipal politicians took part in the study.

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[29] The Institute for Labor Market Policy Evaluation (IFAU) financed the survey. ARS Research AB collected and registered the data.

[30] Many thanks to Hanna Bäck, Hans Ekholm, Jörgen Hermansson, Vivi Libiets, Karl-Oskar Lindgren, Linus Lindquist, Daniela Lundin, Gunnar Myrberg, PerOla Öberg, Thomas Persson, and Michael Söderström for valuable comments.

Table A1. Response Rates

	PES Offices	Municipalities		
	Managers	Managers in Stockholm	Managers in other parts of Sweden	Politicians
Population 1	366	18	289	290
Removed from population	8	0	0	0
Population 2	358	18	289	290
Responses	268	10	246	245
Non-responses	90	8	44	45
Response rates (%)	75	56	85	84

Are non-responses worrisome?

Although the response rates are good, it is worthwhile taking a closer look at respondents and non-respondents in order to find out whether it is reasonable to assume that the missing values have only a negligible impact on the findings. Below, I examine the four groups presented in Table A1.

A first step was to compare those who actually responded with the population in terms of background characteristics. If the respondents are similar to the populations, data are likely to be trustworthy. Table A2 presents information on PES offices, while Table A3 deals with the municipalities.

Table A2. Background Characteristics: PES Offices (%)

	Population of PES offices	Responding PES offices
PES organized by area	83.9	87.2
PES located in large city (Stockholm, Gothenburg, or Malmoe)	23.8	19.2
PES located in rural areas	8.0	9.0
Municipal unemployment rate (including participants in ALMPs)	5.4	5.5

PES offices may be organized by area (geographically) or by function. Table A2 reveals that the responding group and the population are organized in a similar manner, although offices organized by function participate somewhat less. Location is another factor to consider. The sample consists of fewer offices located in Stockholm, Gothenburg, and Malmoe. There is also a slight overrepresentation of offices in rural areas. These differences are,

however, not that large. Lastly, the average unemployment rate is very much alike in the respondent group and in the population.

Table A3. Background Characteristics: Municipalities

	Population	Managers	Politicians
Large city areas	13.5	14.9	12.8
Rural areas	20.4	20.7	19.3
Municipal unemployment rate (including participants in ALMPs)	5.3	5.3	5.3
Socialist chairman of the municipal executive board	59.3	58.4	59.0
Population over 65 years of age	19.0	18.9	19.0
Population with foreign citizenship	1.9	1.8	1.9
Number of inhabitants	30,830	28,367	32,499

Note: The figures are reported in percentages except in the case of "Number of inhabitants."

Table A3 provides variables that make it possible to compare the municipalities participating in the survey with the whole population of municipalities. The responding groups are very similar to the population on all characteristics.

The telephone reminder made it possible to learn more about the non-responses (see Table A4). The interviewers' first task was to remind the managers and politicians of the questionnaire. Officials that declared that they were not willing to participate in the survey were given the opportunity to answer a couple of questions by telephone instead. Around 40 percent of the PES managers, 43 percent of the municipal managers, and 31 percent of the politicians agreed to answer telephone questions (these answers are discussed later on; see Tables A5–A7). Thus, only 54 PES managers, 25 municipal managers, and 31 municipal politicians did not participate at all.

The non-participants are divided into four subgroups. The interviewers were unable to reach some individuals (*no contact*), even though they tried repeatedly. The elected representatives were hardest to get in touch with, but note that 56 percent only implies 25 persons. Some officials were reminded about the study and said that they were going to participate, but then never did (*reminded but no questionnaire sent in*). Another group consists of those who did not want to participate at all (*not willing to participate*). A very frequent reason for not taking part was lack of time. There is no indication that a high level of disputes between the authorities is an important reason for not participating, which is good. The last group of non-participants is tiny: *vacant position, newly employed, or illness*.

Overall, a heavy workload is probably a common reason for not participating. Admittedly, this could be a problem for data quality. It is difficult to have a specific opinion on whether, and if so in what direction, this implies biases. But recall that the non-participants are few. Accordingly, it is highly unlikely that the results are distorted to a significant extent.

Table A4. Information on Non-responses Collected through Telephone Calls (%)

	PES offices	Municipalities	
	Managers	Managers	Politicians
Non-participants	60	57	69
No contact	*(17)*	*(0)*	*(56)*
Reminded, but no questionnaire sent in	*(20)*	*(21)*	*(2)*
Not willing to participate	*(20)*	*(36)*	*(11)*
Vacant position, newly employed, or illness	*(3)*	*(0)*	*(0)*
Responding to phone questions	40	43	31
	100	100	100
	n = 90	n = 44	n = 45

In Tables A5–A7, the results from the telephone questions are reported. The purpose was to be able to compare the answers from the telephone interviews with the answers to the same questions in the postal questionnaire: if the responses differed systematically, the reasons for being skeptical towards the data would increase. It is reasonable to assume that the answers are relatively comparable, although telephone interviews and postal surveys are not exactly the same thing.

Table A5 shows the results in the group of PES managers (36 managers answered the telephone questions). The first question concerned the number of employees. The offices are about the same size. The respondents were also asked if a certain caseworker was assigned the task of handling youth clients and the Activity Guarantee.[31] The telephone calls and the postal questionnaire showed similar results. Respondents reported frequency of communication and the answers, once again, did not diverge to any noticeable extent. Moreover, the share of offices that had signed a collaborative contract with the municipality concerning youth and the Activity Guarantee was also more or less identical. Lastly, the respondents in both groups reported the same levels of conflict.

[31] The Activity Guarantee is a labor market program for clients with severe difficulties on the labor market; see Essay III for details on youth programs and the Activity Guarantee.

Table A5. PES Managers' Responses to Some Questions on Local Labor Market Policy (%)

	Postal questionnaire	Telephone interviews
Average number of employees	22	25
Caseworker with responsibilities for unemployed youth	82	81
Caseworker with responsibilities for the Activity Guarantee	92	86
Daily contacts with the municipality	51	61
Cooperative contract with the municipality: youth clients	77	78
Cooperative contract with the municipality: Activity Guarantee	78	72
No conflicts between the PES and the municipality in 2003	72	78

Table A6 reports the answers from municipal managers (19 managers participated). Three questions were asked.[32] The findings show that the share of municipalities with a special labor market administration is lower, communication between the municipality and the PES is less frequent, and conflicts are fewer according to the participants in the telephone interviews. One logical interpretation is that municipalities that do not engage that much in labor market operations decided not to participate in the study. This is not a cause for concern since the non-responses in this group are so few.

Table A6. Municipal Managers' Responses to Some Questions on Local Labor Market Policy (%)

	Postal questionnaire	Telephone interviews
Existence of a labor market administration	75	47
Daily contacts with the PES	56	21
No conflicts between the PES and the municipality in 2003	48	74

[32] Actually, a fourth question concerned the number of municipal employees working on labor market issues. It is obvious that the respondents interpreted this question very differently in the postal questionnaire. Thus, I have decided not to use this information in the essays within this thesis. But it can be mentioned that the average number of employees noted in the postal questionnaire is 12, while in the telephone interviews it is 9.

Table A7. Municipal Politicians' Responses to Some Questions on Local Labor Market Policy (%)

	Postal questionnaire	Telephone interviews
Social democrat	56	79
Communicates with the PES at least every month	84	79
Average number of hours devoted to labor market issues every month	17	14
Political parties at local level agree on labor market issues to a "fairly high" or "very high" extent	96	100
No conflicts between the PES and the municipality in 2003	67	79

Note: The figures are reported in percentages except in the case of "average number of hours devoted to labor market issues every month".

Table A7 shows the answers from municipal politicians (14 persons answered the telephone questions). The telephone respondents reported less communication with the PES, fewer hours per month devoted to labor market issues, and a lower level of conflict between the PES and the municipality. Thus, politicians who did not participate in the postal questionnaire were probably less involved in ALMPs. The differences are not as obvious as in Table A6 and there is no strong reason to assume that the non-responses imply a considerable setback.

Table A8. Background Characteristics of Districts within Stockholm (All 18 Districts and the 10 Responding Districts)

	Population	Respondents
Average age (years)	38.7	38.2
Unemployment (%)	3.1	3.3
Percentage of inhabitants receiving welfare benefits	6.7	8.2
Percentage of inhabitants with foreign citizenship	11.1	13.0
Number of inhabitants	42,119	38,358

Note: The calculations are based on figures taken from City of Stockholm (2004), *Statistisk årsbok för Stockholm 2004*, available at www.stockholm.se. Participants in ALMPs are not included in the unemployment rate.

Because the data collection in Stockholm was conducted separately, telephone reminders were not possible. Nevertheless, it is possible to compare some important characteristics of the population of city districts and the districts participating in the survey. Table A8 indicates that the respondents are quite similar to the population as a whole. To some extent, districts with

many welfare benefit recipients and inhabitants with foreign citizenship participated more.

To sum up, response rates were good. A detailed analysis shows that non-responses probably do not constitute a major problem. In the group in which non-responses are most frequent—among the PES offices—all analyses indicate that missing values are not a problem. Among the municipalities, it seems that those who did not answer the questionnaire are a little bit less involved in ALMPs. But since response rates are very good, this is not particularly worrisome.