Responses to the Global Financial Crisis – Lessons From the Public Sector in the Nordic Countries
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In this special issue of the Scandinavian Journal of Public Administration, our point of departure is the global financial crisis initiated in 2008. The papers presented here emanate from a research project funded by the Joint Committee for Nordic Research Council for the Humanities and the Social Sciences (NOS-HS). Our interest is in comparing dynamics across public health care and higher education in the Nordic countries. In so doing, we shed light on a set of relevant policy and public administration related themes that cut across both sectors and are part and parcel of the public policy agenda across the Nordic region.

Health and higher education are considered to be two key sectors of the economy. In Europe, an ageing population combined with the rise of the knowledge economy (and global competition) have put a premium on competences, skills, creativity and innovation (Pinheiro, 2015). The economic and social wellbeing of a given society is often a reflection of its public investments in key sectors of the economy, contributing to institutional capacity building. Acute financial crises, such as that we have experienced since 2008, tend to exercise a negative effect on the provision of public services, largely as a result of resource stringencies and efficiency-enhancing measures (cf. Karanikolos et al. 2013). The Nordic countries have been less affected by the current economic climate than other parts of the world (The Economist, 2013), with the effects being felt differently from country to country (Romer & Romer, 2015).

The Nordic countries share a number of key characteristics, including their relatively large and well-funded public sectors. Governments across the region have long benchmarked themselves against their Nordic neighbors whilst assessing policy alternatives, developments and outcomes (Christiansen, Petersen, ...

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Furthermore, the so-called “Nordic model” (cf. Gornitzka & Maassen, 2011) is currently being considered by many outside the region (e.g. in China) as an alternative path for development and the future sustainability of a vibrant, flexible and financially sustainable public sector (Kettunen, Kuhnle, & Yuan, 2014). Nordic governments have undertaken a series of policy measures aimed at ensuring the future financial sustainability of various arms of the public sector (Lane, 1997). This phenomenon is part and parcel of a broader “modernisation process”, which can be traced back to the late 80s/early 90s, but has intensified in the last decade or so (Greve, Lægreid, & Rykkja, 2016).

Public policy and management scholars, both in the Nordic region and beyond, have tended to study change dynamics within the context of a particular sector, thus giving rise to rather particularistic approaches. This is problematic for a number of reasons. First, it hampers comparisons regarding broader change and adaptation processes affecting public sector organisations (Pinheiro, Geschwind, Ramirez, & Vrangbæk, 2016). Second, it often results in interpretative accounts framed around context-specific dimensions such as path-dependence or historical trajectories, deeply entrenched (taken-for-granted) values, professional norms and identities, etc. (Ramirez, Byrkjeflot, & Pinheiro, 2016). Third, given the rise of multi-level and multi-layered governance approaches focusing on horizontal collaboration and coordination across policy portfolios and sectors (Piattoni, 2010). Hence, in this special issue we address this research gap in the form of five comparative articles shedding light on key sector-wide dynamics (both prior and subsequent to the financial crisis) present in the organisational fields (sectors) of health care and higher education.

In the first paper, Vrangbæk et al. take stock of the effects resulting from the financial crisis in the health care and higher education sectors of Denmark and Finland. The paper employs a framework of different policy responses to identify patterns of adjustments to the crisis. Based on a review of the crisis response literature, the authors suggest that response patterns are dominated by three underlying policy logics, namely; “cost saving logic”, “reorganisation logic”, and “programme logic”. Both countries initially attempted to shelter their respective sectors, and relied on economic control and general performance management instruments in the systems. However, as the crisis unfolded, there were reductions in the growth rates of public expenditure in health care and later significant cuts to funding for education and research. The authors contend that external shocks can serve as a window of opportunity for imposing new policy initiatives and reinforcing ongoing efforts to tighten control in welfare sectors. Further, they suggest that ideology and tensions between policy makers and decentralised delivery organisations become increasingly prevalent and important, with a tendency for the state to take on more power. The analysis shows that reforms associated with the aforementioned logics have been applied in both countries. As the severity of the crisis persisted, minor incremental changes were replaced by significant (more acute and drastic) policy interventions.
The second paper by Pinheiro et al. takes a critical view of the interplay between two widespread approaches towards policy-making, namely; ‘fashion-following’, and ‘evidence-based policy making’. The authors draw upon empirical evidence from Norway and Finland. The paper’s conceptual foundations build on seminal work emanating from the policy-transfer literature combined with key insights from organisational theory and its neo-institutional tradition. Evidence from the (four) empirical cases suggest that, for the most part, the domestic policy agenda was triggered by both national imperatives and external dynamics and events. International references and models seem to have played an important role in the legitimation and consequent diffusion of global hegemonic ideas such as mergers in the case of higher education and unitary management and choice in the realm of health care. The authors conclude that rather than being seen as dichotomies or extremes, fashion-following and evidence-based orientations within welfare policy are nested into each other and, thus, should be considered inter-dependent elements as part of a larger system of intervening variables.

The third article by Torjesen et al. explores the changing reform dynamics in Denmark and Norway, focusing on centralising and decentralising trends in higher education and health care. The question addressed is as follows: How can the reform dynamics over the last decade explain changes around decentralisation and/or re-centralisation? The paper applies an historical, institutional, theoretical and analytical approach by studying reform dynamics with foci on four key factors: structure, procedures, performance criteria, and financing. A new trend can be observed in both sectors; namely the rise of re-centralisation and the concomitant growth of state responsibility in matters pertaining to political and fiscal decision-making. A distinction is made between substantive (what) and procedural (how) types of autonomy. Both hospitals and universities have been given increased procedural-autonomy. At the same time, there is a stronger centralised planning and management of performance management, which means that substantive-autonomy has been reduced. The paper shows that centralisation and decentralisation patterns across health care and higher education occur in tandem, and are, to a large degree, intrinsically associated with shifts in economic performance and external events, such as the recent financial crisis.

In the fourth paper, Berg et al. compare how identities amongst professionals in managerial positions were expressed after changes in management in the aftermath of NPM-reforms by studying health care professional (doctors) in Norway and Finland. Theoretically, the comparison draws on the interplay between identity construction and institutional logic. According to the authors, the main argument for studying shifting identities is that they provide a basis for investigating how institutions have changed (or not), and shed light on how agents within an organisation have implemented (or failed to implement) NPM-inspired reforms. The data show that, in both countries, there are managers with a strong managerial identity, a smaller group who first and foremost identify themselves as doctors, and a few doctors who display a hybrid identity (being both doctors and managers). What is more, the study found that work experienc-
es have a strong effect on how identity is perceived. For example, doctors who hold on to their professional identity (rather than a managerial one) seem uneasy with their skills and ability to perform the tasks related to the new position. Many of the doctors were found to have altered their identity as a result of organisational amendments and the expanded focus on management-related issues. Hence, the paper concludes that strong intervention in the sector from central government, as seen in Norway, has resulted in the implementation of general management to a larger degree than in Finland, but in a more hybrid manner.

In the fifth and final paper, Torjesen et al. focus on the growing attention of the patient as a key factor in designing the modern healthcare system by exploring the phenomenon of ‘user influence’ in Finland and Norway. The paper’s theoretical and analytical approach draws from recent work by Dent and Pahor (2015), and Vrangbæk (2015), focusing on types of participation: choice, voice and co-production. The data show that, in both countries and in the last decades, patients’ choices, voices, and lay representation have become more present in governance structures, clinical practice in hospitals and primary care. The article concludes by suggesting that users in both Finland and Norway have gained more influence through formal choice rights. That said, user involvement was found to be more entrenched in the governance structures of Norwegian healthcare when compared to Finland.

The theoretical and empirical insights which are provided in this special issue are, in our view, of relevance to policy makers, practitioners and researchers alike. There are similarities across sectors and countries regarding the influence of the recent financial crisis in terms of public policy discourse and instruments, but we also found substantial differences related to country’s specificities in the light of historical trajectories, strategic interests, the power held by certain agents, etc. The reactions following the crisis seem to be in alignment with earlier NPM-reforms and the “modernisation processes”, but it is also important to stress that there is a time lag (which varies from country to country) between critical events, policy design, and subsequent implementation.

Generally speaking, one can conclude that across the Nordic region the state has increased and re-centralised control, particularly regarding policy development, fiscal revenues and performance management. This re-centralisation of control, made more acute following a period of financial stringency, took a number of forms with similarities across the sectors. In higher education, as in the health sector, procedural autonomy has been enhanced (e.g. as regards managerialism), yet at the expense of substantive autonomy, which may have reduced room for maneuvering, and which in turn may affect the ability to respond to the new external demands posed by a post-crisis environment (technical and institutional). In both sectors, the introduction of the managerial logic, a phenomenon that precedes the 2008 financial crisis but has become further accentuated in its aftermath, was an attempt to reduce the power to the professions, and thus led to a decline in procedural autonomy within universities and hospitals. Likewise, user influence, a measure associated with the post-NPM regime,
has reduced the power of professional groups across Nordic healthcare and higher education.

Future studies, both from within and beyond the Nordic region, could, for example, shed light on how the implementation of the newly proposed (post-crisis) reform measures have affected (positively or negatively) structures, strategies, processes and cultures within healthcare and higher education. What is more, social scientists could also provide empirical evidence of the unintended consequences of reform measures designed and enforced in the context of a climate of financial austerity and economic and social anxiety.

References


Notes


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