

Assessing perceived administrative efficiency and service quality effects of the Norwegian Local Government Reform

Thomas Myksvoll, PhD, NORCE/UiB – Norwegian Research Centre/University of Bergen

Proposal paper for ECPR/EURA seminar 2019 – not for circulation or citation

Abstract

Territorial consolidation reforms are often undertaken to improve public service delivery and increasing efficiency at the subnational level. They involve re-shaping the local government structure and often includes altering the local level's range of competences. In 2013, the Norwegian government initiated the ongoing Local Government Reform, which consists of merging a historic number of local governments, both by force and on a voluntary basis. The reform has been controversial and politically divisive both at the national and local levels. While the original goal was to decentralise a range of competences to the local level, the uneven materialisation and few numbers (compared to the government's wishes) of amalgamations reoriented the reformers to focus on local level administrative improvements. In this context, this article explores local level response to and assessment of a structural reform (now) intended to increase local administrative efficiency and improved service delivery. Utilising a mixed method approach, local level elites' perceptions of these effects are analysed both statistically and in-depth in selected forced and voluntary merging municipalities, adding to the understanding of amalgamation reform effects in a Nordic setting as well as providing knowledge for possible future municipal amalgamations.

1. Introduction

Subnational territorial reforms are often undertaken to achieve goals relating both to political decentralisation as well as logics of scale economies – so too is the case of the top-down initiated Norwegian Local Government Reform. The national government has largely relied on the merger willingness of local governments, though made clear the use of force was not ruled out. Indeed, some cases of the municipal mergers are taking place despite local opposition. In 2020, 119 municipalities will have merged to 47 larger units, reducing Norway's number of municipalities to 356 from 428 in 2014. While a parliamentary majority to continue forcibly merging municipalities is now gone, the government has signalled its intent to actively promote future mergers through economic and policy tools, leading to a discussion of "reforming without reform" (Fimreite and Flo 2018).

In this context, this article analyses the administrative effects in terms of efficiency and service quality in municipalities that have undergone an amalgamation. Utilising survey data as well as original in-depth interview data, it will statistically analyse local political attitudinal data before qualitatively exploring perceived¹ administrative efficiency and service quality effects of mergers among local elites (that is, high-ranking administrative and political officials).

Research question: How do local elites perceive administrative effects of the Norwegian Local Government Reform?

2. Why reform the local level? Theoretical summary

Arguments for territorial consolidation point out that the provision of efficient public goods is determined not only on the characteristics of the responsibilities themselves, but also on the size of the affected group (Studinger and Bauer 2012, 16). While the theoretical literature on local government reforms and debates on appropriate size is extensive (Swianiewicz 2010, 2),

¹ PhD period ends August 2021. As such, the time scope for measuring *actual* administrative effects is too short, as such effects could take years to materialise. Hence, local actors' perceptions and assessments of these effects are made the focus.

Swianiewicz (2010, 3) summarise the scholarly arguments in favour of territorial consolidations as the following:

- (1): Larger local governments have a greater capacity to provide a wider range of functions. Territorial consolidation thus allows for the allocation of a greater number of competences to the local level, thereby closer to the citizens.
- (2): An economy of scale allows for less expensive and more effective service provision in larger local government units. Swianiewicz (2002) sheds further lights on this by looking at the issue of spending on municipal administration.
- (3): Large local governments can provide more functions, thereby increasing the probability of citizen involvement in local politics. In this sense, consolidation also serves to promote local democracy.
- (4): Organizing local governments into larger units reduces income differences between municipalities, which in turn reduces the pressure for equalization systems backed by national governments.
- (5): Large local governments can be more effective in planning and in economic development policies.
- (6): In territorially consolidated systems, it is easier to reduce free-riding problems – that is, the consumption of services by citizens who live and pay taxes in another local government's jurisdiction, thus reducing the mismatch between administrative boundaries and catchment areas of services.

2.1 The impact of local government amalgamation reforms (shortened)

The international literature on administrative effects of local territorial reforms show mixed results, most of it finding negative or no effects regarding administrative costs, services, and efficiency (Dollery, Byrnes and Crase 2007; Reingewertz 2011; Nakazawa 2013; Blesse and Baskaran 2016; Roesel 2017; see also Ebinger, Kuhlmann and Bogumil 2018 for a summary of other types of effects). As such, there is seemingly a gap between the theoretical foundations for undertaking such reforms and the empirical evidence, owing to a host of contextual factors. However, there may also be a gap between actual and perceived effects. Indeed, regarding the latter, Danish local administrative elites largely felt that the 2007 structural reform would, all things considered, lead to something positive, that the municipal economic efficiency would increase, and that their professional quality would improve (Hansen 2009, 27).

2.2 Defining efficiency and service quality (shortened)

Studies on administrative effects of territorial reforms conceptualise and measure effects through various models and theories, usually economic (see references above). However, these measurements are applied to actual administrative effects, rather than perceptions of them. Moreover, while scholars have contributed to defining and conceptualising both efficiency and quality of service output there is seemingly no broad theoretical consensus regarding their measurement. In addition, the measurement itself is regarded as challenging (Keating 1995; Smith and Mayston 1987). Applying such concepts to multiple local governments, each with their own characteristic and historical context further complicates this. This was also partly confirmed in an explorative interview with a local government representative. Given the proposed research design, a possible solution is therefore to establish theoretically grounded concepts, but still leave them sufficiently 'open', letting them serve as the basis for a deductive-inductive approach (Tjora 2010, 156) rather than rigidly fixed concepts to which all empirical data is measured against.

3. Data and methodological approach

In the fall of 2018, local politicians received a survey that included their attitudes towards the municipal mergers and the considerations they took at the time of the local council's merger decision. This data makes possible a statistical overview and analysis of data of key factors when studying the reform's intended effects. To that end, a set of variables has been selected, summarised in table 1. They include party affiliation, the respondents' merger stance at the point of the local council's decision on whether or not to merge, as well as the actual outcome of a merger in each municipality. The attitudinal data include the degree to which they emphasised five types of considerations relating to local factors when deciding to support or oppose merging, as well as their reflections on how local government size (geographical) impacts citizen influence and the services the government provides.

Table 1. Summary of central survey variables

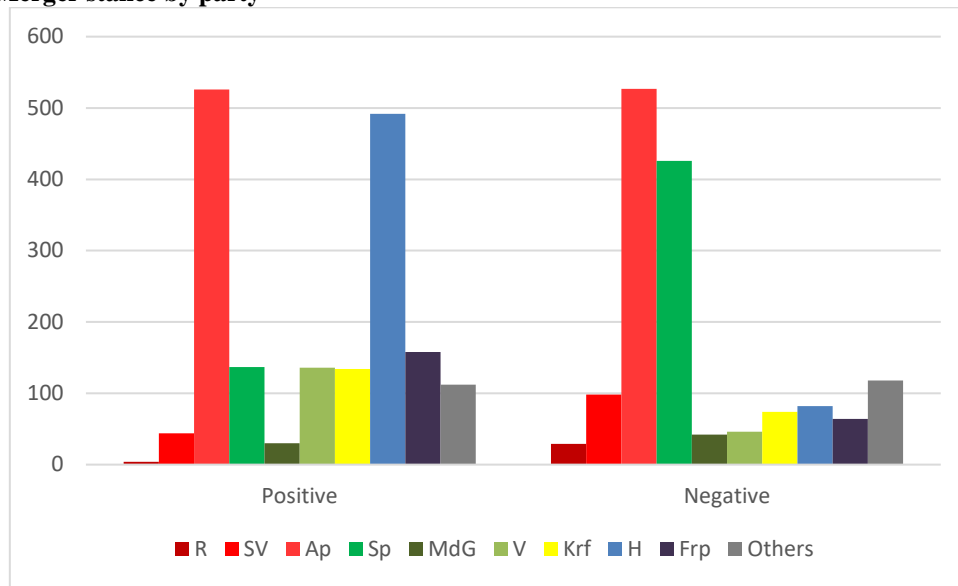
	Variable	Type	N	Min	Max	Mean	SD	Median
	Party Affiliation	Categorical	3387	1	10	5,3	2.6	4
	Will your municipality merge in 2020?	Dummy	3387	0	1	0.3	0.5	0
	What was your merger stance at the time of the municipal council's decision?	Dummy	3279	0	1	0.5	0.5	1
How strongly did you emphasise each of the following at the time of deciding your merger stance?	Local Economy	Ordinal	3287	1	5	3.2	1.1	3
	Local services	Ordinal	3283	1	5	3.4	1.1	3
	Local democracy	Ordinal	3274	1	5	3.3	1.2	3
	Local belonging	Ordinal	3283	1	5	3.5	1.2	3
	Local Employment	Ordinal	3265	1	5	3.2	1.1	3
	Of the above, which did you emphasise the most?	Categorical	3278	1	5	2.4	0.9	2
	Small local governments give citizens better influence	Ordinal	3276	1	5	3.8	1.1	4
	Large local governments provide better services	Ordinal	3284	1	5	3.1	1.3	3

Given the availability of statistical data, but the lack of in-depth knowledge concerning the reform's effects, a mixed-method approach serves to maximise the strengths of each while reducing their respective weaknesses by both identifying quantitative large-N patterns, and revealing qualitative causal mechanisms (Fearon and Laitin 2008; Cianetti and Nakai 2017). While the survey has a large potential for analysing various aspects of the reform, it also reduces complex processes into simple multiple-choice categories for those involved in the reform processes, while standardising the assessments the respondents have to make despite their representing diverse municipalities.

Thus, with the survey data as an empirical framework, a number of municipalities will be selected for closer study by conducting in-depth interviews with local administrative and political elites, providing detailed knowledge concerning the local processes and the period after merging. Through this, possible omitted factors the survey did or could not capture, backed with municipal data detailing the processes and the experiences of relevant administrative and political actors will provide a comprehensive understanding of the perceived administrative effects of the amalgamations.

4. Results (simple summary of survey data)

Figure 1. Merger stance by party

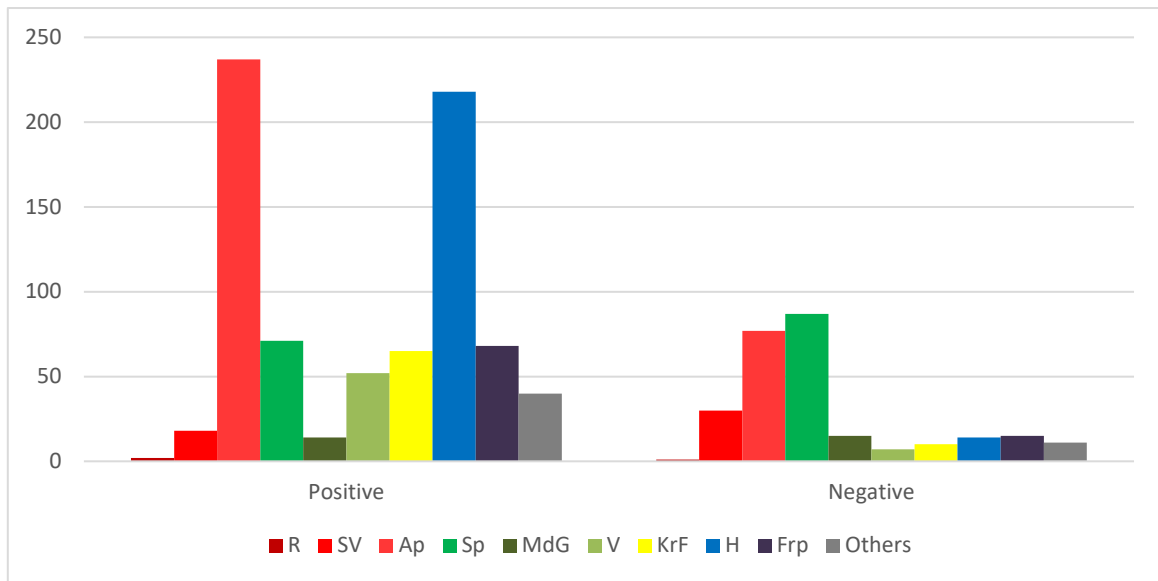


As can be seen in the distribution of merger stance by party above, three stand out; the Labour (Ap), Centre (Sp) and Conservative (H) parties. The first is split in the middle on opposing (527) and supporting (526) municipal mergers. Sp is much more negative (426) than positive (137) towards mergers, while Conservative Party respondents much more support (492) than oppose (82) them.

This, along with the other parties' distribution, reflects national party lines to a large extent. The right-wing H-Frp-government formed in the fall of 2013 and initiated the reform with the support of the Liberal (V) and Christian Democratic (KrF) parties (both of which entered the government in 2018 and 2019, respectively). Signalling their intent to reform the local level and not ruling out the use of force to do so, the government has attained an 'issue ownership' to the ongoing reform. At the national level, Ap was conflicted on whether or not to support it, while Sp was unified in their opposition, becoming the most outspoken opponent of the reform. Party lines at the local and national levels do not necessarily need to overlap, given differences of issues and issue saliency at the two levels. However, political networks between local and central government can be important, and within a party there are usually some shared notion of how best to organise the public sector. As such, subnational governments may be the agents of centrally initiated reforms, the former acting as a 'catalyst' for the latter's reform initiatives through active interpretation and implementation, while parties in the (national) opposition are less able to make use of this (Fimreite 1996, 191). Such shared notions and party networks may have contributed to local stances regarding the municipal mergers.

The figure above include all respondents, that is, local representatives in municipalities that are undergoing mergers, as well as ones that are not. When removing the latter group, we see the following:

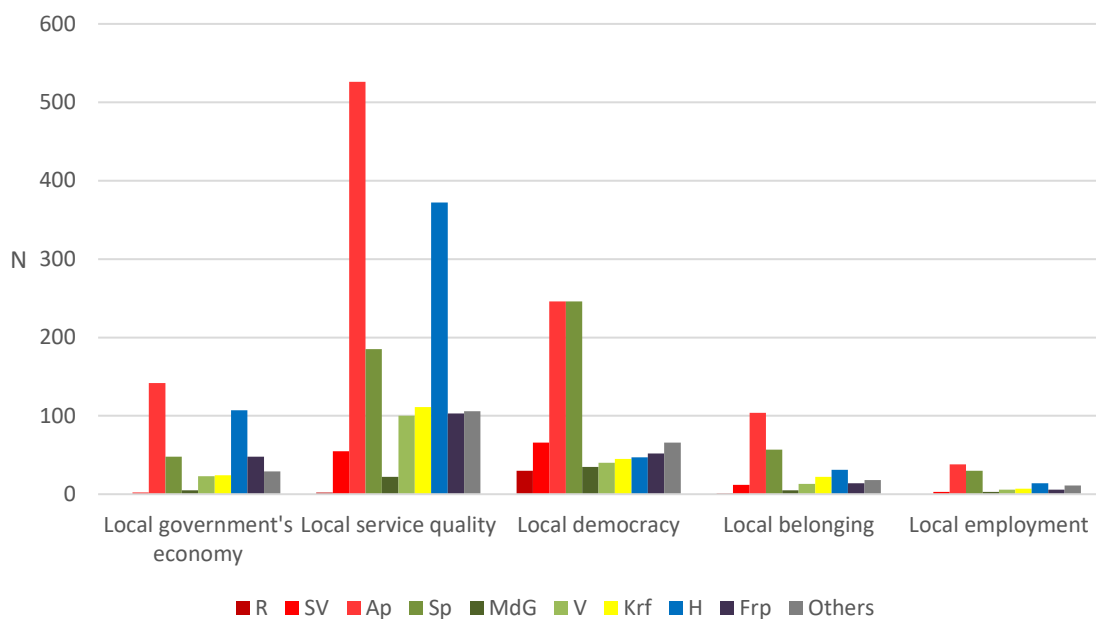
Figure 1.1. Merger stance by party – merger municipalities



When the data only includes respondents from merging (or previously merged) municipalities, the picture changes drastically. A clear majority of the respondents, and the parties, are positive towards the mergers. This is not too surprising, however, as the mergers in most cases have relied on a municipal council's decision to merge. As there are within-council disagreements – between and/or within parties, it is not surprising that some respondents still oppose the mergers. Disregarding the number of respondents (as most local representatives belong to Ap and H, we still, however, see that the highest percentage of positives are right-wing respondents.

With this in mind, it is of interest to next see what the different party respondents have emphasised the most when deciding on the merger issue.

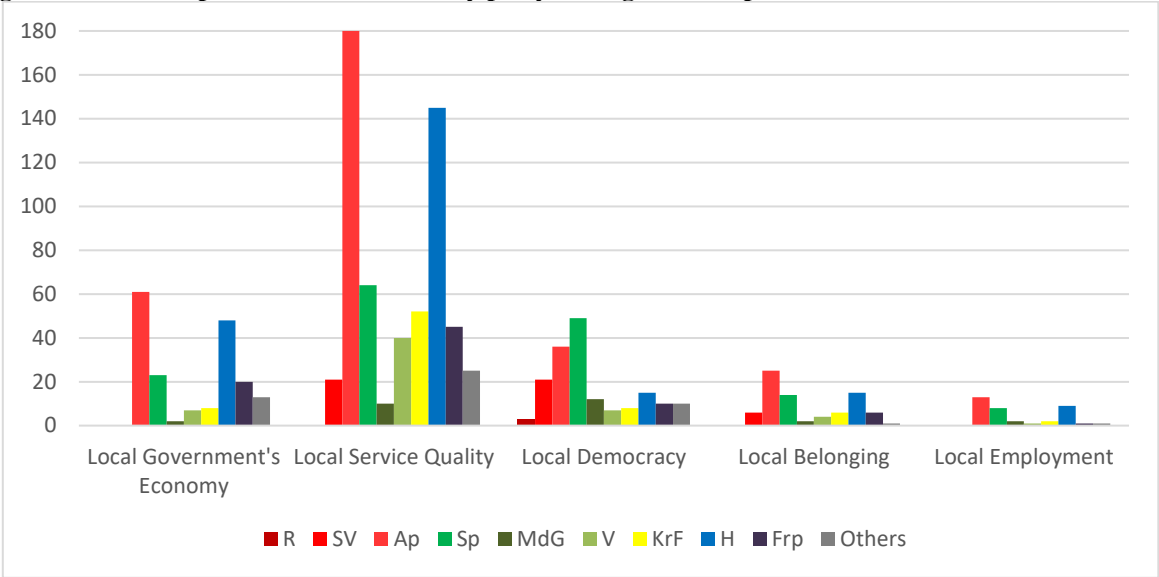
Figure 2. Most important consideration by party



Among the five considerations, ensuring local service quality is by far deemed the most important among the local representatives. Of 3278, 1582 (48%) placed the greatest importance on this when deciding their merger stance. It is also interesting to note that the parties that most strongly emphasised local democracy are in opposition at the national level. Indeed, in the public discourse, a core argument against the reform has been the subversion of local self-determination through the forced mergers.

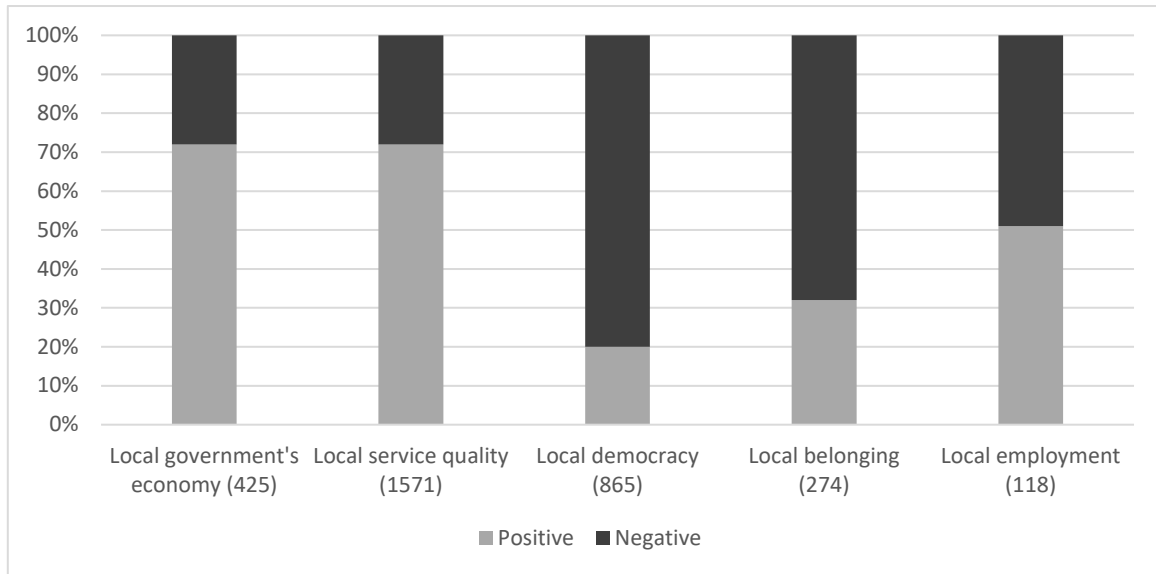
Turning to the merger municipalities, we observe the following:

Figure 2.1. Most important consideration by party – merger municipalities



Among the merger respondents, a similar picture unfolds; service quality is still the most highly emphasised consideration, while local democracy is still relatively highly placed among opposition party members.

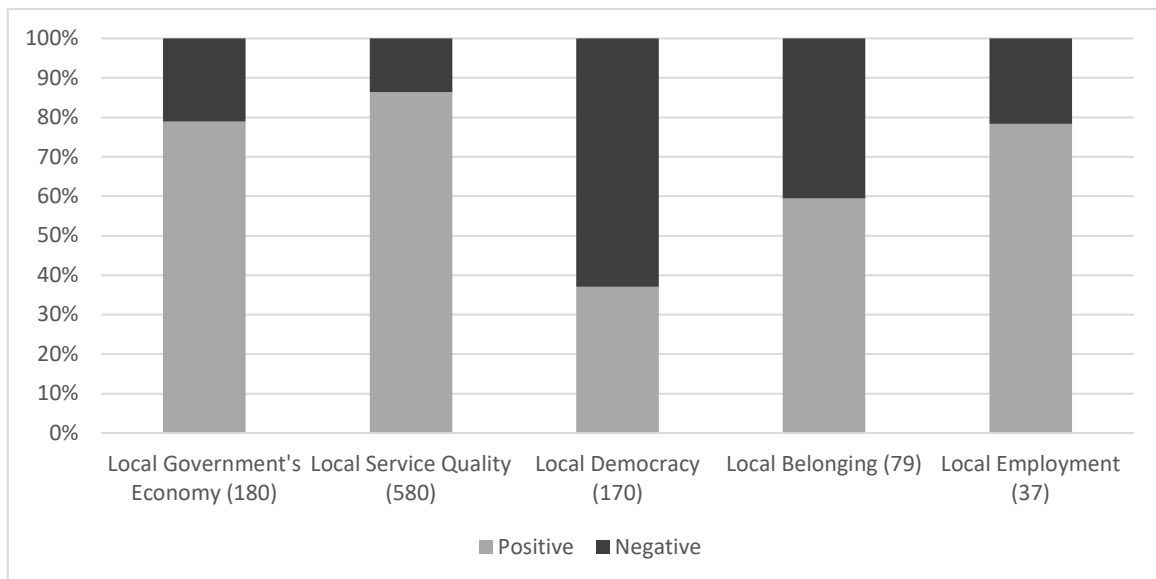
Figure 3.1. Merger stance by considerations, percent (N in brackets)



While the respondents by a clear overall majority weighted local services as the most important consideration when deciding on the merger issue, we also see that among those placed the greatest emphasis on this (N = 1571), a clear majority (N = 1131) were also in favour of merging.

Finally, the merging municipality respondents gives the following:

Figure 3.1. Merger stance by considerations, percent (N in brackets) – merger municipalities



While this is a rudimentary picture of the local political attitudes towards the municipal mergers, it does contribute to setting a framework for further studies in select municipalities. As a paper plan, and with such qualitative data collection well over a year away, this aspect of the research is as of yet more open.

Selecting municipalities and local elites for qualitatively analysing

- Selecting municipalities
 - 5 cases merging prior to 2020 – all plus 5 2020 cases?
 - Types of mergers: forced and voluntary cases
 - Municipality characteristics
- Interview focus
 - How they responded to the reform
 - Process before and after merger
 - Cooperation within the new municipal council, previously separated – difference between voluntary and forced cases?
 - Their assessments in time after merging, particularly efficiency and service quality, "vs." local democracy

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