



# Swedish public administration from an international perspective

Chapter 1 and 10





## Swedish public administration from an international perspective

Statskontoret (The Swedish Agency for Public Management) is commissioned to assist the government with documentation for the development of public administration. This assignment includes continually monitoring public sector developments. In recent years, Statskontoret has published a series of reports that illustrate and analyse this development from different perspectives. In an appendix to this report, we present all the reports in the Statskontoret series Om Offentlig Sektor (OOS) [About the Public Sector]. We have also published reports that more specifically analyse certain aspects of the public administration's development.<sup>1</sup>

As part of our work, we also focus on the development of public administration taking place in other countries, for example, by following the OECD's work with describing public sector development in member countries. In 2009, the OECD published the first report from the project *Government at a Glance*. Since then, the OECD has published two additional reports focusing on different aspects of development in each country's public administration.

Based on and inspired by the work of the OECD, Statskontoret published a report in 2011 presenting how the Swedish public administration compares in an international perspective<sup>2</sup>. As with the 2011 report, we have based this report on the OECD's work with monitoring public sector development. The report aims to give an image of the current situation in Sweden in terms of public sector development and compare it with the image of the situation in other countries.

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<sup>1</sup> Statskontoret (2013) *The public sector in brief – the development in 2012 (The Development of the Public Sector 2012)*; Statskontoret (2012) *Vad händer i den offentliga sektorn. En översikt över utvecklingen 2000-2011*.

<sup>2</sup> Statskontoret (2011) *Den offentliga sektorns utveckling. En samlad redovisning 2011*.

## **The description of public sector development is based on various measures and indicators**

The starting point for the OECD's work with *Government at a Glance* is to, through international comparisons, provide information about the public administration work that the governments and authorities of the member countries are pursuing. The purpose of *Government at a Glance* is to report developments in different countries but also to highlight good examples of how member countries are working with current public administration issues.

In order to achieve a broad view of the development within the public sector, the OECD considers it necessary to focus on what is happening in the public administration, but also to focus on the political level. It is at the political level that the preconditions for the public administration's work are established, while at the same time the politicians are dependent on the public administration to ensure that political intentions are converted into practice.

The focus of the *Government at a Glance* reports has varied, but all the reports have touched upon issues and reported public sector development using a range of indicators, such as

- public finances
- employment
- skills provision in the public sector
- transparency
- perceptions of service provision

The 2013 OECD report highlights particular issues such as strategic management, the distribution of women and men in public administration, and confidence in and perceptions of public service.

### **The OECD provides a positive image of Swedish public administration**

The OECD does not make any overall assessment of the public sector in each member country. Results for a number of indicators are presented for the various areas included in the report. The results are reported both for each OECD country, and as an average for the entire OECD. However, by adding together the results for each indicator, an image emerges of an individual country's standing, from an international perspective.

A compilation for Sweden shows that the OECD provides a positive image of Swedish public administration. This applies to both the public administration's condition and its development. Sweden is a country deemed to have a well-functioning public administration, stable public finances and an efficient financial framework, while at the same time the public has a high level of confidence in public institutions and public services.

### **But that does not mean we can rest on our laurels**

According to the OECD's analysis, there are also areas where we have reason to be self-critical and to question certain images about the Swedish public administration. One such example is the image of Sweden as the world's most transparent country. The *Government at a Glance* report gives examples of the transparency within the Swedish public administration constituting an area in need of further work. Corruption in the public administration is an example of an issue that in recent years has been highlighted in the political debate in Sweden.<sup>3</sup>

In its analysis, the OECD also points to areas where Sweden seems to perform worse than the average for OECD countries. This applies, for example, to school results.<sup>4</sup>

### **Public administration challenges**

Sweden is facing a variety of different challenges. Although the OECD does not touch on these in its report, there are challenges which are broadly common to many countries within the OECD. The Report of the Commission on the Future of Sweden describes some of these, such as globalisation, sustainable growth, demographic trends, migration and integration.<sup>5</sup>

One challenge for the public sector in Sweden is that the proportion of elderly in the population will increase for several years to come. In the next 20 years, the proportion of the population over the age of 80 will almost double. This development will take place in parallel with a decline in the size of the working population. In 2009, Sweden was one of the OECD countries with the highest proportion of people aged 66 and over in relation to the number of people between 15 and 65 years old. The proportion of gainfully employed people in the population is also expected to decrease

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<sup>3</sup> OECD (2013) *Government at a Glance 2013*

<sup>4</sup> OECD (2013) *Government at a Glance 2013*

<sup>5</sup> Ds 2013:19 *Future Challenges for Sweden - Final Report of the Commission on the Future of Sweden*.

over time, which means that fewer people will have to support an increasing number. This development will affect the public sector in various respects.<sup>6</sup>

Continued urbanisation is another part of the demographic challenge facing Sweden. The big cities offer other, but also greater, opportunities for work and study. The demographic growth of the already large municipalities is also explained by a relatively high immigration and high birth rates.

One challenge posed by the increase in the proportion of elderly in the population is how future welfare shall be financed. An ageing population will increase the demand for welfare services and could result in a gap between the need for welfare services and what the public sector can actually afford to provide.<sup>7</sup> The demand for welfare services is likely to increase in pace with us living longer, but also as a result of people expecting better quality in existing welfare services.

### **Purpose of the report**

This report aims to give an image of the current situation in Sweden in terms of public sector development, in comparison to other OECD countries. The report focuses on the current situation and the development in Sweden with regard to public finances, employment and citizens' perceptions of service in the public sector.

In our investigation, we have had an ambition to, as far as possible, compare Sweden with the Nordic countries. One reason for this is that the Swedish administrative model in many respects is similar to the administrative models in these countries. The same applies to the demographic structure and scope of public sector obligations.

As in many other OECD countries, Sweden faces future challenges regarding how welfare shall be financed and organised in order for services to respond to the needs and expectations of the public and businesses. To illustrate the impact that such a development may have on the public sector and in the future, we describe the development within a number of areas. These areas are:

- How are publicly financed activities monitored?
- What possibilities for transparency are available and how is the current transparency in the public administration?

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<sup>6</sup> Ds 2013:19 *Future Challenges for Sweden - Final Report of the Commission on the Future of Sweden*, The Netherlands Institute for Social Research (2012) *Countries compared on public performance* and [http://www.skl.se/vi\\_arbetar\\_med/eu/eu\\_paverkar](http://www.skl.se/vi_arbetar_med/eu/eu_paverkar).

<sup>7</sup> Economic Policy Group Report (2014) *Hur får vi råd med välfärden?* SNS Förlag.

- How is the public's confidence in public services?

### **To compare the current situation and the development in different countries**

Although there are certain similarities between many of the OECD countries, which require attention, there are also some not entirely unexpected differences. One difference between the countries is how the responsibility for different activities has been divided between the national and local levels. One principle is that the national level is responsible for collective public services (for example, defence, police and the criminal justice system are services that are not consumed individually), while the local level is mainly responsible for the various individual services (such as healthcare and education, i.e., services that are used by individuals). In Sweden and in several of the Nordic countries, the public administration is organised in this way.<sup>8</sup> In recent years, structural reforms have been implemented in Norway and Denmark. For example, the responsibility for healthcare in Norway has been transferred to the state, and in Denmark the municipalities have been given responsibility for certain tasks within the social security system.

Another way of organising public services is to have the local level be responsible for the actual production of services while the national level is responsible for the control, supervision and evaluation of activities. The Swedish public administration exhibits elements of this, for instance through the state being responsible for most of the oversight of public services.

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<sup>8</sup> Lindström A. (2006) *Lokala och regionala val – institutionella förutsättningar i tolv stater*, Swedish Association of Local Authorities and Regions; Swedish National Pensioners' Organisation (2009) *Vården av äldre – en granskning av vård och omsorg i åtta länder*; Statskontoret (2009) *Kommunal utjämning i Danmark, Finland och Norge* and Statskontoret (2011) *Kartläggning av den förvaltningspolitiska uppföljningen i Danmark, Finland, Kanada samt Norge*, Ref 2010/128-5, 2010/127-5.

**Diagram 1.1** General government expenditures as a percentage of GDP (2012)



Source: OECD Economic Outlook, November 2013

The way in which different countries have chosen to organise their public administration is a starting point for comparing countries. Another way is to compare expenditures on public services as a share of the GDP. These expenditures are a measure of the public sector's scope, and thereby provide an idea of the size of each country's public services. As shown in Diagram 1.1, several of the Nordic countries and countries in Northern Europe have higher public spending compared with other OECD countries.

### **The report is based on information from the OECD, Eurostat and the European Commission**

The presentation in the report is based on different measures and indicators that describe the condition and development in Sweden and other OECD countries. This means that we can both provide an image of the current situation in the public administration and also say something about the development over time.

Certain data and results presented in the report raise questions about what kind of development we can expect in the future. We will, where possible given the level of knowledge, discuss what a possible development might



look like, and what is likely to be the consequences of the current situation observed today.

The main sources of data in the report are the OECD, Eurostat and the European Commission. As a basis for the analyses, we have also used current research and research publications and reports from agencies.

In some cases there is a lack of comparable data for Sweden and other OECD countries, and the descriptions have thus been supplemented with European comparisons and data from Eurostat and the European Commission.

This report is also a continuation of the work that Statskontoret initiated in 2010 to produce a comprehensive account of public sector development, see the report Trends of General Government in Sweden – An Overview 2011. In connection with the work on that report, a review was performed of existing and available data sources that enable an overview of public sector development. The selection of data sources and indicators for this report is largely based on this work.

#### **Data for individual years and data over time**

Descriptions and analyses in this report are based on international statistics and other official data sources compiled by Statskontoret.

Our ambition is for descriptions and analyses to be based on the most current data possible. The ambition is also for the information to be usable when making comparisons over time (e.g. time series or reference data from previous years). Since the purpose of this report is to relate the Swedish public administration's development to the development in countries within the OECD, we have also taken into account available data in an international comparative perspective.

#### **The report is addressed to parties with an interest in public administration**

The target audience for this report are those working with issues related to the public sector development, including elected representatives and civil servants in the Swedish Parliament, and officials in the Government Offices and at other agencies.

The report provides the reader with images of public sector development from an international perspective. Our ambition with this report is also to outline how the material can be interpreted and what it says about the state of Swedish public administration, the development over time and what type of development we can consequently expect in the future. The report can

therefore also constitute appropriate reading for those who have a general interest in the public sector's development.

### **Statskontoret's work with the report**

The report has been prepared by Statskontoret. This work was conducted by a project team consisting of Staffan Brantingson, Anna Fransson, Carl Holmberg, Susanne Johansson (project leader) and John Mörck. An internal and an external reference group have been attached to the project.

### **Structure and content of the report**

The following chapter describes the public sector's economic conditions based on the state of the public finances. Chapter 3 describes who is employed in the public sector in terms of gender distribution, age structure, wage level and figures for sick leave. In Chapter 4, on skills provision in the future, discusses some of the challenges faced by the public sector.

In Chapter 5, on performance management and models for macroeconomic analysis, we give examples of how to work with follow-up of public services in terms of performance.

In Chapter 6, *the image of the world's most transparent country*, the possibilities for transparency in public services are discussed. In Chapter 7, new ways of doing things – public sector innovation, examples are provided of how the public administration solves familiar problems in new ways.

In the final two chapters, public services are discussed from a citizen perspective. Chapter 8 outlines *what the public thinks about the service provided by agencies* and Chapter 9 discusses *the public's confidence in public services* and how to understand differences in confidence.

The report concludes with the chapter *Challenges for the public sector*, where we summarise the results and conclusions that we have presented in the report. Finally, we discuss some of the challenges facing the public sector.

## Challenges for the public sector

In this final chapter, we summarise the results and conclusions that we have presented in the various sections of the report. The chapter also explains how the report on public sector development can be used. Furthermore, we discuss some of the challenges facing the public sector on the basis of the results we have presented.

### **The results from international comparisons should be viewed in light of the countries' different ambitions**

International comparisons are necessary in order for a country to get an idea of its standing in relation to other countries, and they can also contribute to development and learning. Comparisons can stimulate efforts to improve the quality and efficiency of the Swedish agencies.

However, the international comparisons have certain limitations. Countries have different ambitions and goals with public services, which are not evident in cross-sectional comparisons such as *Government at a Glance*. Furthermore, there are institutional differences between countries that are not apparent in cross-sectional comparisons.

Therefore, international comparisons need to be supplemented with information that is specific to each country. This could include the objectives of a policy area or general ambition levels for the public services.

International comparisons can serve as a major source of inspiration for countries that fare worse in the investigation. For a country like Sweden, which generally gets good results, it will be important within its continued development work to pay particular attention to good examples found in other countries, and not primarily to its position in the ranking. It is also important to, in various ways, continue to develop and monitor one's own public sector. Activities and reforms therefore need to be systematically monitored and evaluated. This will create favourable conditions for Sweden to continue to fare well in international comparisons.

### **From an international perspective, Sweden has strong public finances**

From an international perspective, Sweden has good public finances. However, like many other OECD countries, Sweden faces a development

involving an ageing population. The proportion of gainfully employed citizens will decrease in relation to the elderly who they have to support. This becomes a challenge for the welfare's financing of health and social care, pensions and other social benefits.

Another challenge is that, in pace with the general standard of living rising, the demands on the scope and quality of public services also rise. The present scope and quality of public services risk not being able to meet the public's future requirements.

The strong public finances provide Sweden with greater latitude when compared with many other countries. It also provides Sweden with opportunities to employ different measures to address these challenges.

### **Skills provision remains a challenge for the public sector**

Sweden has a higher proportion of slightly older employees than average. The challenge is not only to replace the skills. It also involves examining each service to investigate if there are new ways of accomplishing the tasks facing the respective service. This requires the employer to obtain an overview of existing skills, and to see what needs have to be satisfied in the coming years.

Furthermore, the competition for labour is expected to increase as the number of people of an employable age decreases. This means that public employers, like other employers, will face increased competition for labour. In smaller municipalities where the supply of labour is more limited, the challenge will be greater.

For the municipalities, the challenge will be even greater because the average age of their workforce is older than that of the state. The municipalities' older workforce will also pose a challenge for the public sector at large. If the municipalities are not capable of satisfactorily maintaining skills provision in their services, key parts of the welfare system can be affected. In addition, this may result in inequalities in the welfare due to structural differences between municipalities. If the inequalities become significant, this will place higher demands on the financing model than those currently imposed.

### **More knowledge is required on the effects of implemented policy and reforms**

In Sweden and in many OECD countries, the control and monitoring of public finances is sound. However, there is often a lack of comprehensive follow-up on the effects of implemented measures. Although monitoring is performed within the different areas, Sweden, like many other OECD

countries, has not developed models for performing a comprehensive follow-up of the results of implemented reforms.

As the population gets older and the demands on welfare increase, it is likely that the need to prioritise within welfare will also increase. This requires the accumulation of more knowledge on the effects of different initiatives. Therefore, further development of the overall monitoring of initiatives within areas of activities should be prioritised.

### **Sweden – the world's most transparent country?**

From an international perspective, Sweden is characterised by transparency and a great capacity for such in its public services. However, there are areas where Sweden does not fully correspond to this image. One such example is whether civil servants should declare their private interests, the disclosure of contributions to political parties, and quarantine rules for how conflicts of interest can be avoided when public officials go to companies or organisations that they previously exerted influence over.

One explanation why Sweden does not always correspond to the image of the world's most transparent country is that we have a tradition of using framework legislation. In many OECD countries, there is instead a legal tradition with more detailed legislation. In the case of international comparisons, it may therefore appear that Sweden does not have as clear transparency requirements as found in other countries.

The Swedish principle of public access is in many ways unique to Swedish administration and allows for transparency in public services. The capacity for transparency is important for the public's confidence in public services and the willingness to jointly finance welfare. The fact that more and more publicly financed activities are being conducted in forms other than public places different requirements on how transparency in services can be guaranteed.

That Sweden does not correspond to the image of the world's most transparent country within all areas, and evident changes in the way public services are being carried out, means that there is a need for a broader discussion on transparency issues in Sweden.

### **Is there creative innovation in the public sector?**

Part of government agencies' commission is to continuously develop services based on public and business needs. For example, many agencies are working to develop their service provision and offer e-services. As we in Sweden manage contact with agencies electronically to a high degree in

comparison with many other OECD countries, there should be good opportunities for Swedish agencies to further develop their e-services. As an increasing number manage their contact with the agencies electronically, the agencies can release funds to develop other services.

In Sweden, each respective agency is responsible for issues relating to innovative ways to develop services. In many other countries, there are functions within the government offices that are responsible for innovation issues. The Swedish model gives the agencies a mandate to find innovative solutions within their respective areas. However, it is not as easy to develop comprehensive and multi-agency solutions. The government's appointment of the eGovernment Delegation and the National Council for Innovation and Quality in the Public Sector can be seen as a way to develop the public sector's joint innovation.

### **From an international perspective, the public are relatively satisfied with the agencies' service**

According to the government, it is the general public and businesses that determine whether or not the quality of public services is good. From an international perspective, Swedes are relatively satisfied with public services. During the last ten year period, the public's perceptions of the service provided by government agencies and in the activities of the county councils and municipalities have been relatively stable.

In Sweden, unlike many other countries, the public interacts with the public sector through individual agencies. Within many European countries, there is a move towards organising joint welfare functions, for example through so-called 'one-stop shop' solutions for social security systems.<sup>9</sup> In Sweden, the public needs to know which agency to approach with their questions and issues. The challenge for Sweden will, for example, be to help persons with complex problems or newcomers to Sweden to find the proper agencies.

Sweden is in the same situation as other countries when it comes to facing another, more general challenge. As the general welfare development increases, so does the public's expectations regarding the content and scope of public services. These increasing expectations can also be assumed to influence how the public rates the level of service received.

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<sup>9</sup> One-stop shops i Europa. *Samordning av sociala och arbetsmarknadspolitiska åtgärder från ett organisations- och arbetsmarknadspolitiskt perspektiv*. Underlagsrapport till parlamentariska socialförsäkringsutredningen. S 2010:04.

## **Swedes have high confidence in public services**

From an international perspective, Swedes have a relatively high confidence in public services. Public confidence levels vary for different agencies. The public has much higher confidence in the police, universities and higher education institutions, and courts than in Arbetsförmedlingen and the Swedish Social Insurance Agency.

One possible explanation for the differences is the relationship that the individual has to each type of agency. In dealings with Arbetsförmedlingen and the Swedish Social Insurance Agency, the individual has more of a client relationship, and assistance is granted according to need. Many other agencies do not assess needs in this way, which means that the individual is not in the same position of dependence.

In Sweden, the goal is for the public to have confidence in agencies and the people working there. There are examples of agencies that are working with further adapting their services to suit the customer in order to increase confidence in their activities. Steering services towards increased customer satisfaction can present a number of challenges, for example, with regard to the exercise of authority.

If the general public's confidence in public services is to be maintained, they must function satisfactorily. Services must be conducted according to the applicable legal regulations, but also in accordance with the principles of impartiality, objectivity and non-discrimination. According to researchers, these principles are central to the quality of the public administration and are good for public confidence. The principles also leads to maintaining or strengthening the legitimacy of the political system at large.<sup>10</sup> Well-functioning institutions are also considered to lead to other side effects such as economic prosperity.<sup>11</sup>

In addition to these principles, healthy public finances create a solid foundation for conducting a wide range of public services that benefit the public, businesses and organisations. The right expertise provides opportunities to develop and conduct public services in an effective manner. Transparency provides both the public and the media with tools to inspect

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<sup>10</sup> Holmberg, Rothstein och Nasiritousi (2009) *Quality of Government: What You Get*. Annual Review of Political Science 3:135-162.

<sup>11</sup> North, Wallis och Weingast (2009) *Violence and social orders: a conceptual framework for interpreting recorded human history*. Cambridge: Cambridge University Press.

and examine the exercise of power. Together, this creates conditions for a world-class public administration.