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DOES NPM INCREASE THE POLITICIZATION OF THE CIVIL SERVICE?

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ABSTRACT

This paper studies the relationship between New Public Management (NPM) and the political recruitment of civil servants. Some claim that NPM has had the unintended effect of muddling the politico-administrational divide, rather than the opposite. This argument is elaborated here by the suggestion that the managerialism and contractualism of NPM have provided politicians with a reason and the means to politicize the civil service by making more political appointments of agency heads. Since there is not much empirical evidence for this relationship, it is also tested. The test is made through a cross-sectional analysis of the politicization of 120 Swedish public agencies in 2009. The results indicate that politicians do not appoint agency heads with a political background more frequently to public agencies with a stronger NPM orientation. Thus, the hypothesis that NPM leads to a politicized civil service is not supported.

Keywords: New Public Management, politicization, political recruitment, political appointments, Sweden, agency autonomy, agency heads, public agencies.

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Introduction¹

[T]he best opportunity to steer an agency strategically /.../ is when you appoint a new agency head. (Nils Gunnar Billinger, chair of the Swedish public enterprise LFV working with air navigation service, quoted in Hård af Segerstad 2006, 28)

The focus of this paper is to explore the consequences of one of the most sweeping administrative reforms in the Western world since the 1980s: New Public Management (NPM). One of the basic ideas of NPM was to separate the tasks of politicians and civil servants, an idea that goes far back to influential scholars such as Max Weber ([1921]1978) and Woodrow Wilson (1887). According to the NPM ideal, politicians should be in charge of policy formulation, whereas civil servants should handle the implementation of those policies (Hood 1995; Pollitt and Bouckaert 2011, 9-11). Such a division of labour is expected to result in a more efficient and more flexible public administration, in which managers are allowed to manage without the interference of meddling politicians.

Thus it is somewhat ironic that this reform has been claimed to have had quite the opposite effect, unintentionally. Instead of upholding the divide between politicians and civil servants, it may have contributed to blurring the roles between these two groups even further in some respects (Rouban 2012). For example, prominent scholars have made the observation that the share of politically appointed civil servants, which is a form of politicization (Horn 1995, 97; Lewis 2008, 32), has increased in countries that have carried out radical NPM reforms (Pierre 2001; Peters and Pierre 2004b; Pollitt and Bouckaert 2011, 180). In order to control the civil service even when they are formally not supposed to, politicians may have started recruiting their own kind to leading civil servant positions.

Whether there is a causal relationship between NPM and this politicization trend and, in that case, what the causal mechanisms are have not been studied systematically. The purpose of this paper is therefore two-fold: 1) to discuss how a potential causal relationship between NPM and politicization might be elaborated and 2) to study whether there are reasons to believe that such a relationship actually exists. These two issues are important to look into, since they are “crucial, boundary

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issues for public management” (Pollitt and Bouckaert 2011, 162). Christopher Pollitt and Geert Bouckaert (2011, 161) even claim that we cannot adequately comprehend public management without a reference to the relationship between administration and politics, and Luc Rouban (2012) points out the effects of NPM on politicization as one of the most intriguing questions to be answered by public administration scholars today.

From a democratic perspective, it is legitimate for elected politicians to control the activities of the public administration since it is politicians and not civil servants who are held accountable for the service produced by the public administration (Peters and Pierre 2004a; Rouban 2012). Neutral expertise and integrity are thus not the only important virtues of the public administration in a democratic society; responsiveness to democratically elected leaders is also important. Some degree of politicization of the public administration could therefore serve a democratic purpose.

In spite of the importance of democratic control over the public administration, most scholars today would agree that an administration run solely by party loyalists is likely to have a severe negative impact on the competence, efficiency and legitimacy of the public administration (Peters and Pierre 2004a; Lewis 2008, 143). Furthermore, citizens tend to place a lower degree of trust in their political representatives than in bureaucratic institutions (Listhaug and Wiberg 1995), which implies that the public administration risks losing legitimacy should the politicization of the civil service be taken too far (Peters and Pierre 2004a). Empirical studies also show that countries in which the recruitment of civil servants is mainly based on merits instead of political affiliation perform better in the sense that they have higher economic growth (Evans and Rauch 1999) and more universal welfare systems (Rothstein, Samanni and Teorell 2013) and are less prone to corruption (Rauch and Evans 2000; Dahlström, Lapuente and Teorell 2012). It is therefore interesting to study whether the NPM model indeed provokes an increased politicization, particularly since there are few systematic studies of this potential correlation (Peters and Pierre 2004b).

The purpose of this study is thus to test the causal relationship between NPM and the politicization of the civil service, which will be referred to as the NPM hypothesis. The two potential intermediate variables between NPM and politicization that are teased out from previous research are managerialism and contractualism. These important aspects of the NPM model may have provided politicians with an incentive and the means to retrieve some of their lost influence over the implementation process. The test is based on Swedish data from 2009 that allow for a cross-sectional analysis

of public agencies of varying NPM orientation. Agencies with a strong NPM orientation are those that the government, following the managerialist ideal, has allowed high degrees of financial and Human Resource Management (HRM) autonomy. If the NPM hypothesis is correct, the government should have made more political appointments of agency heads (here referred to as Director Generals or DGs) to these agencies than to others. The results of this study do not imply that this is the case, however. Agencies with higher degrees of financial and HRM autonomy are not run by DGs with a political background more frequently than less autonomous agencies.

The paper is organised as follows: first by defining politicization. The NPM hypothesis is then developed further, and it is argued that, based on previous research, it is reasonable to believe that the managerialism and contractualism promoted by the NPM model have contributed to a politicization of the civil service. A brief account of other possible explanations for the politicization trend follows. The data are described and the choice of Sweden as a case is motivated before presenting the results of the empirical analyses. The paper is concluded with a discussion.

Politicization as Political Appointments

There are different ways to study the politicization of the public service. This paper concentrates on how civil servants are recruited, not on their tasks or on their political sympathies (Aberbach, Putnam, and Rockman 1981; Rouban 2012), and it is de facto politicization that is in focus, that is, to what extent political recruitments are actually made, not just whether politicians are entitled de jure to make them. The point of using this definition of politicization is that it captures how NPM might have shifted the border between politics and administration in real life and not just in theory.

As the introductory quote states, the appointment of DGs is one of the most important measures available to executives who wish to control bureaucracy and influence policy (see also Moe 1985; Wood and Waterman 1991). The choice of DGs can thus be expected to become more important and more politicized when agency autonomy in the implementation process increases (Peters and Pierre 2004b).

In a politicized recruitment process, political criteria replace merit-based criteria in selecting, promoting, rewarding and disciplining public servants (Peters and Pierre 2004a, 2). Civil servants who are loyal to, or at least sympathize with, the governing party may be given priority in appointments

to leading positions. By placing party loyal people, or people who sympathise with the government's policy ideas on leading administrative positions, the government may ensure that the implementation of political decisions runs smoothly (Peters and Pierre 2004a; Lewis 2008).

However, party loyalty may not always be the primary aim of political appointments. Moshe Maor (1999) observes that the executive may very well appoint politicians from competing parties as DGs. In these cases, it is the qualities of having the 'right' political contacts and the needed political skills that are important. The former DG of the Swedish National Board of Trade, Peter Kleen, expresses for example appreciation for civil servants with political experience during an interview with Hård af Segerstad (2006, 28): "I thought that it was very valuable to get competence from the political sphere, to get people who had worked at the Government Offices and who knew the political process." Knowing the political process allows you to see things from a political perspective and understand the political dimensions of an issue so that it becomes clear what to expect from your political principal and when it is important to seek political approval (SOU 2011:81). Furthermore, a DG who is politically appointed lacks her own administrative career to fall back upon in case of dismissal; she is more dependent on the government for her future career, which is likely to make her more loyal to her employer.

Thus, the recruitment of a DG with any political background is here defined as a politicization of the civil service; no attention is paid to whether the political affiliations of the DG and the government are the same.

The NPM Hypothesis

Christopher Hood (2001) compares the NPM reform to "Trobriand cricket", which means that the outcomes of the reform differ from the original intentions. He takes his starting point in the NPM ideal, saying that DGs should possess significant discretionary decision-making power during the implementation process. From this follows that there must be very limited ex ante approvals and process controls. Hood points out that accomplishing a shift from ex ante to ex post control is difficult, since it requires that those who previously had the right to ex ante control (the politicians) are willing to give it up. There is research indicating that this requirement has not been fulfilled in

countries where the NPM model has been adopted. Instead, politicians are suspected of trying to increase their control over the implementation process through a politicization of the civil service.

The first purpose of this paper is to tease out what aspects of NPM might have caused the reform to turn into Trobriand cricket. On the basis of previous research, it is argued that the contractualism and managerialism of the NPM model could be a fruitful way of elaborating the causal chain between NPM and politicization of the civil service.

Contractualism

Contractualism provides politicians with the means to politicize civil servant positions, since they are allowed greater freedom to choose the DGs of their liking. One basic idea of the NPM model is that the public sector should become more like the private sector. Traditional bureaucratic virtues like equity, universalism, personal responsibility, professionalism, safety and resilience should be replaced by the principles of competition, specialisation, efficiency and flexibility (Christensen and Lægreid 2001; Pollitt 2002). For instance, the employments and careers of civil servants should not be too secure in order that the political control is strengthened and the civil service is made more productive and responsive.

Consequently, the employment and career situations for civil servants in countries that have adopted the NPM model have changed considerably. Senior civil servants are no longer automatically appointed to the most prestigious public service positions, since promotions are based on competition and not on tenure. Furthermore, those who are appointed DGs can rarely count on holding their positions for more than a fixed term of 3-6 years (see Maor 1999; Christen and Lægreid 2001; Amosa 2008; Skr. 2009/10:43). Contractualism has thus made it easier for the government to make appointments according to their own wishes; the new DG does not even need to be recruited from the civil service. She can be recruited from other spheres, like the private sector or politics.

A greater share of DGs with a political background is therefore not an unlikely consequence of contractualism, although no studies have shown that this relationship exists empirically. In a case study of how new employment and career conditions related to the NPM reform have affected the appointments of DGs in Samoa, Desmond Ueese Amosa (2008) concludes that Samoa's public service is far from being heavily politicized. Amosa adds however that "in the few cases where

there is clear evidence of politicization in the form of partisan appointment, the situation is intriguing, daunting and contentious” (Amosa 2008, 617). He refers to the risk that not the most qualified individual gets the job and that the advice to the government becomes less sincere and critical.

In spite of these risks, politicizing DG positions might be a route that the government is forced, rather than chooses, to take. The insecure employment conditions following contractualism have made the civil service a less attractive work place (Maor 1999; SOU 2011:81). A civil service job rarely pays as well as a similar job in the private sector, but it used to come with other advantages, such as job and career security. As a consequence of NPM, the work conditions in public service have become more like those in the private sector, but the salaries and other benefits still lag behind. Politicians and civil servants now testify that it can be hard to find suitable candidates to DG positions and even harder to persuade them to actually take the job (Hård av Segerstad 2006, 29; see also KU 1996/97:KU25, app. B9): Thus, when civil servants and private enterprise managers prove unwilling or unsuitable, who is left but politicians to run agencies?

Managerialism

Whereas contractualism increases politicians’ possibilities to politicize the civil service, managerialism provides them with a reason to do so. NPM is a double-edged sword, as Christensen and Læg Reid (2001) point out. Politicians are allowed more control over some stages of the policy process, but they are more restrained in others, particularly in the implementation stage, in which the DGs should be left to run the agencies according to their own judgment. This NPM idea of agency autonomy is sometimes referred to as managerialism (Christensen and Læg Reid 2001) and it is not unlikely that this aspect of NPM has created a need among politicians to regain some control over the implementation process by politicizing the civil service.

At least two kinds of agency autonomy are relevant here: financial autonomy and HRM autonomy (Verhoest et al. 2004; Verhoest et al. 2010). Financial autonomy is when an agency has the authority to handle its allocated funds as it pleases. An agency that 1) is free to redistribute money between different budget posts, 2) can save money for the following budget period, or 3) even use its allotted money to make investments enjoys a great deal of financial autonomy. It is plausible that a government wants to ensure that agencies that are allowed high degrees of financial autonomy are

trustworthy and that they spend their money in a way that is in line with the government's intentions, particularly if the government has invested a great deal of money in those agencies. Governments could therefore be tempted to politicize the DG positions of highly financially autonomous agencies.

HRM autonomy refers to the employment and organisation of staff members, which is an important aspect of the implementation process (Verhoest et al. 2004). How many civil servants should be involved in this process and how should they be so? What incentives (e.g. salary increases, promotions etc.) are used to motivate civil servants to perform their very best? Decisions on these matters are likely to affect the efficiency and quality of the public service available to the citizens and, since the legitimacy of the government and its public administration relies to a great extent on people's experiences of how public service is delivered (Esaiasson 2010), politicians have an interest in making sure that the implementation process runs smoothly. Appointing DGs with a political background may be one way of achieving this.

In his comparative study of the increasingly insecure employment situations of civil servants following the NPM reforms in the UK, Australia, New Zealand, Malta, Canada and Austria, Maor (1999) claims that "the more authority and discretion public managers are given to manage programs, the less secure political executives want them to be" (Maor 1999, 6). Individual and fixed-term contracts play one part in this game, but politicians also use other measures, like political recruitments, in order to make the situation and status of the civil servants even more uncertain.

One might wonder however why politicians would bother to launch a major administrative reform like NPM that limits their control over the civil service if they have no intention of giving up this control in the first place. As Christensen and Lægreid (2001) point out, it is quite possible that governments carry out NPM reforms because they are pressured into it or because they do not understand what consequences these reforms might have for their possibilities to control the implementation process. When this realisation dawns upon them, they might try to regain control—contrary to the intentions of the reform—and do so using the tools that the new administrative system offers them.

The Hypothesis

To sum up, the contractualism and managerialism prescribed by NPM entail that appointments to top positions and evaluations of the civil service are centralized to the politicians (contractualism) and the implementation of policies is delegated to the civil servants (managerialism). This combination of centralization and devolution has arguably provided politicians with a reason as well as the means to try to regain control over the implementation process by making political appointments of DGs. Contractualism and managerialism might thus be the reasons why NPM could result in greater politicization of the civil service.

The second purpose of this paper is therefore to test this NPM hypothesis: *in public administrations where 1) the government is free to appoint the DGs of its liking on individual fixed-term contracts and 2) these DGs enjoy a great deal of financial and HRM autonomy in the management of their agencies, the recruitment of DGs with a political background will increase.*

The actual empirical test here focuses on the relationship between the level of autonomy of agencies and the degree to which they are politicized. Agency autonomy refers to financial and HRM autonomy if nothing else is specified. Contractualism (condition 1 of the hypothesis) will thus be treated as a contextual variable that facilitates politicization. Managerialism (condition 2 of the hypothesis), on the other hand, is assumed to drive it.

Other Explanations to Politicization

The NPM hypothesis is only one—and a relatively unexplored—explanation for the level of politicization of the civil service. There are other explanations that have received much more attention, and these will be discussed in this section. The examples brought up are those that have been claimed to explain the degree of politicization of public agencies and their autonomy. These explanations are particularly relevant here since they might cause spurious effects if overlooked in the analysis of the NPM hypothesis.

There are at least three different kinds of variables related to the autonomy and politicization of public agencies. These are variables that refer to 1) the external relationships of the agencies, 2) the tasks of the agencies and 3) the organisational structures of the agencies.

External Relationships

The NPM idea is that control should primarily be carried out *ex post* (e.g. through reporting and evaluations), which will allow for a great deal of *ex ante* autonomy of the agency instead. The NPM hypothesis tested in this paper assumes that the *ex post* controls used in NPM administrations do not satisfy politicians' need for control and that they therefore use politicization as a means instead. However, we should be open to the possibility that *ex post* controls are indeed considered good enough control mechanisms by politicians and take into account to what extent agencies are put through *ex post* controls, since this factor might affect agencies' levels of *ex ante* autonomy as well as the extent to which politicians perceive a need to politicize them.

Another external factor that might affect the level of autonomy of an agency is the *public attention* attracted by that agency. An agency that faces a great deal of external criticism in parliament, by other public agencies or NGOs, or in the media, might also draw the critical eye of the government. Being the institution that is held democratically accountable for the achievements of the public agencies, the government is likely to allow less autonomy to an agency that appears to have problems handling its commission satisfactorily (Lægreid et al. 2006). On the other hand, if the public attention is mainly positive, the government might be willing to allow the agency even greater degrees of autonomy than normal (Niklasson and Pierre 2012). Either way, the government has an interest in making sure that an agency that spends a lot of time in the limelight is led by a DG that they trust, e.g. somebody with a political background.

Agency Task

Agency task is another factor that is often related to the autonomy of public agencies. For example, agencies with *regulating tasks* are often said to enjoy greater autonomy than those mainly dealing with general public services or defence (Epstein & O'Halloran 1999; Bendor et al. 2001; Huber and Shipan 2002; Pollack 2002; Verhoest et al. 2010; and Yee 2011). The government has a greater interest in ensuring that regulatory agencies appear to act independently of the political leadership, so that they may harmonise with a policy field that is largely dominated by private and international corporations. It is also a matter of convincing free market actors of the long-term stability and ob-

jectivity of the economic policies implemented. Governments can therefore be expected to be less prone to try to politicise these agencies, even though these agencies are also likely to enjoy a high degree of autonomy.

Other kinds of tasks may on the other hand decrease the autonomy of an agency. According to the study by Verhoest et al. (2010), agencies dealing with *social welfare policies* (housing, health, recreation, culture, religion, education and social security) display lower autonomy. This might be because this policy field has a large impact on people's everyday lives and thus tends to be strongly correlated with the popular support for the government. Consequently, the government is less willing to give up control over these agencies. Swedish agencies dealing with social welfare issues have also been pointed out to be particularly politicized (Rothstein 2005).

Agency Structure

The last category of control variables is that related to agency structure. As Verhoest et al. (2010) point out, agencies with much resources, for example when it comes to *staff* and *budget*, are more able to act autonomously. One might also expect the government to take a greater interest in controlling agencies that have a lot of resources, particularly if their activities are costly to the state (Verhoest et al., 2010). Thus, the government is more likely to politicize the DGs of large agencies than small ones.

The last variable related to agency structure is the existence of an *agency board*. This variable has frequently been identified as having a positive impact on agency autonomy (Christensen and Læg Reid 1999; Yesilkagit & Christensen 2010; Verhoest et al. 2010; Painter and Yee 2011). The agency board works as an extra layer through which the information and control exercised by the political leadership has to filter. During this process, the information might become muddled or muffled. The DG is also likely to be able to take a stronger stand against the government and the parent department in cases of disagreement if she has an agency board supporting her than if she stands alone. The government could therefore be more interested in politicizing the DGs of agencies that have an agency board.

Data

The empirical analysis in this paper focuses on the relationship between the political recruitment of DGs and the level of financial and HRM autonomy of 120 public agencies in Sweden in 2009. This analysis is rendered possible through a unique combination of two original data sets: one of the political backgrounds of Swedish DGs (Dahlström and Bergdahl 2012) and one of the autonomy and control of Swedish agencies (Niklasson 2009).

The Data on DGs

The analyses will include only the absolute top positions of the public administration. This is a reasonable limitation, as previous studies have shown that the political appointees at the top of an agency make a significant difference in how that agency performs (Wood and Waterman 1991; Krause, Lewis, and Douglas 2006; Lewis 2007). More important to the research design, however, is that these top positions are under the direct control of the Swedish executive, which is not the case further down the administrative hierarchy (RRV 1996, 207-209). Since the NPM hypothesis predicts that politicians will try to regain control by making political appointments of civil servants, it is crucial that the politicians are actually in command of the civil servant positions analysed. The dataset thus includes all Swedish agencies with DGs appointed by the government. For convenience, all the heads of these public agencies will be referred to as DGs, even though they in reality have different titles such as *landshövding* (county governor), *rektor* (vice-chancellor), *ordförande* (chair), *direktör* (director), *kanslichef* (administrative director) and *överintendent* (superintendent) (Skr. 2009/10:43).

The information on the political background of the DGs is collected from several sources. The two main sources are 1) a yearly publication including information about all Swedish agencies (*Sveriges statskalender*, various years) and 2) the Swedish version of the reference publication “Who is Who?” (*Vem är det?*, various years), which includes biographical information on most DGs. These sources have been complemented with other biographical information on DGs or information on Swedish agencies (e.g. *Statsbyggaren*, various years; *Statliga myndigheter*, 1975, 1980, 1986, 1989; *Fakta om folkvalda*, various years; *Enkammarriksdagen*, various years), as well as with CVs for DGs provided through

personal communications with agencies or former DGs (see Dahlström and Björkdahl 2012 for details). The dataset includes information on the political backgrounds of 217 DGs in 2009.

A DG is perceived to have a political affiliation if he or she has 1) served as minister, 2) been elected to Parliament or a local democratic assembly, 3) been State secretary, 4) been employed as political advisor at the Government Offices or 5) been employed by a political party or an organization clearly associated with a political party, such as the blue collar union confederation, *LO*. A DG that has any of these experiences will be coded as 1. Everybody else will be coded as 0. The dependent variable is thus a dummy variable.

The definition of political affiliation applied here is fairly narrow, since it requires that a person has officially worked for a party. A broader definition would also include party activity on a voluntary basis, or perhaps even passive membership. Showing up in the right membership rolls, or being known to support the party, might increase your chances of becoming a DG, even if you have never played an active party role. The problem, however, is that the membership lists of Swedish political parties are not official. Furthermore, those who are well known in the party are likely to enjoy a greater advantage than those who are just passive supporters. It is therefore reasonable to carry out this early empirical test of the NPM hypothesis on a more exclusive party group. If there is an effect for this group, it might be relevant to develop the analysis further and see whether less party involved supporters are also favoured.

The Data on Agency Autonomy

The information on DGs' political backgrounds is combined with the data from a COBRA (Comparative Public Organisation Data Base for Research and Analysis) survey carried out between November 2008 and April 2009. The survey was directed to the DGs of all Swedish agencies that 1) are directly responsible to the government, as opposed to being responsible to the Parliament or to another central agency (RF ch11§6) and 2) have their own staff. These agencies fulfil at least some of basic prerequisites that should enable them to act autonomously. They possess, for example, "a distinctive area of competence, a clearly demarcated clientele or membership, and undisputed jurisdiction over a function, service, goal, issue or cause" (Clark & Wilson, quoted in Downs, 1967, 157). Consequently, the sample includes county administrative boards, county police authorities,

county archives, state enterprises, universities and colleges, museums and general public agencies. A total of 256 agencies were included and 181 answered the survey, which equals a response rate of 71 percent.

In the survey, the DGs were asked to what extent they perceive that their agencies enjoy financial and HRM autonomy in relation to their parent ministry. Financial autonomy is then measured through an additive index (0-1) that captures the extent to which the agency has the authority to shift funds allocated for staff over to running expenses and shift allocated funds for staff and running expenses to investments. This index is constituted by two survey questions (see table A1 in the appendix for details) that are significantly correlated with each other (Spearman's $Rho=0.593$, $p=0.000$). The survey questions all load on the same dimension in an unrotated factor analysis (factor loadings= 0.896), using Kaiser's criterion. Cronbach's alpha for the index is 0.749 .

HRM autonomy is also measured through an additive index (0-1) that captures the extent to which the agency has the authority to set general guidelines for salaries, promotions, evaluations, hiring and firing of staff. This index is constituted by five survey questions (see table A1 in the appendix for details) that are significantly correlated with each other (Spearman's $Rho>0.520$, $p=0.000$). The survey questions all load on the same dimension in an unrotated factor analysis (factor loadings> 0.766), using Kaiser's criterion. Cronbach's alpha for the index is 0.879 . The index is not normally distributed; there is a strong bias towards the higher values.

Using the factor scores of the individual items instead of the two additive indexes has also been tested. This does not change the main results. The simpler additive indexes will therefore be used in the analyses, since there is no actual theoretical motivation for giving greater weight to some of the items than others.

Further Notes on the Analysis

The analysis presented in Results includes 120 public agencies, since there is no available data on the political backgrounds of the DGs, the financial and HRM autonomy of the agencies, and all control variables (see tables A1 and A2 in the appendix) for more than this number. The number and kinds of agencies included in the analyses are shown in table 1.

TABLE 1, AGENCIES IN THE ANALYSIS (PERCENT)

Agency type	Survey sample	Analyses
Colleges and Universities	14 (36)	19 (23)
County administrative boards	8 (21)	8 (10)
Museums	3 (8)	6 (7)
State enterprises	2 (4)	1 (1)
Regional police authorities	8 (21)	8 (10)
County archives	3 (7)	0 (0)
General public services	62 (159)	58 (69)
All	100 (256)	100 (120)

Note: Figures in parentheses represent numbers.

As shown in table 1, the proportion of agencies used in the analysis is not representative of the Swedish agency landscape. General public services agencies are somewhat underrepresented, for example, and county archives are not included at all. It is important to keep in mind, however, that the purpose of the analysis is not to draw general conclusions regarding the level of politicization in Sweden; it is to test the relationship between politicization and agency autonomy. Therefore, the representativeness of our sample is not a major concern as long as the analysis also includes controls for factors that might affect the results regarding this causal relationship.

There are two kinds of public agencies that deserve a special note in the Swedish context: the universities and colleges and the county administrative boards. Table 1 shows that colleges and universities are overrepresented in our analyses. This group of agencies constitute only 14 percent of Swedish agencies, but they make up 19 percent of the agencies included in the analyses. In Sweden, universities stand out by enjoying greater autonomy than other kinds of agencies. Even though the government formally appoints the DGs, the selection process is actually made by the universities (Skr. 2009/10:43, 5; see also SOU 2008:104, ch3). Political appointments of university and college DGs can therefore be expected to be lower than for other kinds of agencies. A dummy variable for

colleges and universities will therefore be used in the analyses, since this group of agencies is overrepresented and also likely to contradict the NPM hypothesis.

The DGs of the Swedish county administrative boards are well known to be politicized to a greater degree than other kinds of DGs (Sandahl 2003, 67; Niklasson 2007). The government is also more hesitant to open up the recruitment process of these DGs, which they have proved willing to do for most other DG positions. They motivate this by saying that the position as county governor is “special and demands qualities that do not always coincide with those normally associated with DGs. Intimate knowledge and insights in the political system might be one such quality” (Skr. 2009/10:43, 22). County administrative boards have no agency boards, however. They should therefore be less autonomous than other agencies. Thus, county administrative boards are unlikely to confirm the NPM hypothesis; previous research indicates that they are less autonomous but more politicized than other agencies. A dummy variable for county administrative boards will therefore be included in the analyses.

The Swedish Context

Sweden as a country case offers a great opportunity to test the NPM hypothesis. The ideas of NPM have contributed to a thorough reform of the Swedish public administration, both with regard to the contractualist and the managerialist aspects. The job security of DGs has, for example, developed in a typical contractualist direction. Formal competence requirements have been lowered in order to broaden the recruitment base and raise the competition for higher public offices. Previously, it was primarily time in service that was rewarded through the appointments of DGs but, from 1985, competence was given greater weight (Prop. 1986/87:99; RRV 1996, 210). The time period for renewed DG contracts was also shortened and the average time served as a DG sank from 11 years between 1964 and 1983 (RRV 1996, 219) to seven years in 1988-2001 (SOU 2011:81, 68). Furthermore, the government gained the authority to remove a DG from office should this be considered necessary for the good of the agency.

While the employment situation for DGs has become increasingly insecure, the HRM autonomy of public agencies has moved in the opposite direction. In the middle of the 1960s, the government proclaimed, for example, that it was going to delegate the recruitment of all agency positions below

the unit level to the agencies; later, in 1995, the government limited itself to appoint the DG (RRV 1996, 207-208). Agencies have also gained greater financial autonomy. Instead of supervising every single decision on expenses, the government has gradually moved towards allotting a budget that the agencies are free to use almost as they see fit, as long as they achieve the agency goals formulated by the government (Sundström 2003, 327; SOU 2007:75, ch3).

Managerialist and contractualist reforms have thus been carried out in Sweden since the 1960s (Sundström 2003; SOU 2007:75, ch3) and now permeate the administrative system entirely (Hood 1995; Pollitt and Bouckaert 2011, 306). There is some variation in autonomy between the different agencies, however (see table A1 in the appendix). It is therefore possible to test the NPM hypothesis that the more autonomous agencies should also be the most politicized ones. Furthermore, if NPM reforms motivate governments to politicize the civil service in order to regain some control over the public service, Sweden is a likely case, given the far-reaching NPM reforms that have taken place there. Testing the hypothesis on an easy case seems reasonable at this point, since it has not been tested much before.

Results

It is now time to test the NPM hypothesis. This will be done through logged regressions, since the dependent variable—politicization—is a dummy. The perceived financial and HRM autonomy of public agencies constitute the two main independent variables. These have been tested separately, but they will be discussed together, since the results from the analyses are almost identical. If the hypothesis is correct, the agencies that are perceived to enjoy the greatest autonomy should also be the ones that are headed by politically recruited DGs.

It may be worth noting that it is fairly common that DGs in Sweden are recruited from politics (see also Dahlström and Niklasson, forthcoming). Table A1 in the appendix shows that 26 percent of all the DGs in 2009 had a political background. The question is then if they are mainly appointed to certain kinds of agencies.

TABLE 2, LOGGED REGRESSION OF FINANCIAL AUTONOMY AND POLITICIZATION

	Model 1: Autonomy		Model 2: External		Model 3: Task		Model 4: Structure		Model 5: Agency type		Model 6: All variables	
	b	Exp (B)	b	Exp (B)	b	Exp (B)	b	Exp (B)	b	Exp (B)	b	Exp (B)
Constant	-0.554 (.479)	.575	-0.747 (.834)	.474	-0.351 (.559)	.704	- 3.788*** (1.440)	.023	-0.907* (.546)	.404	-3.017* (1.676)	.049
Financial autonomy	-0.923 (.692)	.397	-0.719 (.725)	.487	-0.847 (.703)	.429	-0.896 (.723)	.408	-0.469 (.764)	.626	-0.436 (.814)	.647
External relationships												
Public attention			.448 (1.057)	1.566							-0.208 (1.292)	.812
Ex post control: reporting			.851 (.909)	2.342							.273 (1.059)	1.313
Ex post control: evaluation			-1.477 (1.420)	.228							-1.317 (1.720)	.254
Task variables												
Regulatory task					.462 (.494)	1.587					-0.285 (.637)	.752
Social welfare policies					-0.719 (.441)	.487					-0.508 (.542)	.602
Structural variables												
Budget (logged)							6.456*** (2.500)	636.460			5.200* (2.810)	181.274
Agency board							- 1.530*** (.585)	.216			-0.592 (.705)	.553
Agency type												
County admin. board									2.548*** (.834)	12.781	2.621*** (.928)	13.755
University or college									-1.844* (1.056)	.158	-1.256 (1.273)	.285
Cox & Snell R square		.015		.036		.047		.095		.161		.201
Nagelkerke R square		.022		.054		.070		.143		.240		.300
N		120		120		120		120		120		120

Note: * $p < 0.1$, ** $p < 0.05$, ***= $p < 0.01$. Standard errors in parentheses. The dependent variable is a dummy (0-1). A detailed description of the variables can be found in the appendix in tables A1 and A2. All models are based on the same respondents: those for whom there is valid information on all the variables included in model 6.

TABLE 3, LOGGED REGRESSION OF HRM AUTONOMY AND POLITICIZATION

	Model 1: Autonomy variable		Model 2: External		Model 3: Task		Model 4: Structure		Model 5: Agency type		Model 6: All variables	
	b	Exp (B)	b	Exp (B)	b	Exp (B)	b	Exp (B)	b	Exp (B)	b	Exp (B)
Constant	-.991 (1.098)	.371	-.688 (1.334)	.503	-.590 (1.173)	.555	- 3.480** (1.650)	.031	-1.083 (1.297)	.339	-3.030 (1.953)	.048
HRM autonomy	-.248 (1.280)	.780	-.433 (1.287)	.648	-.514 (1.309)	.598	-1.074 (1.326)	.342	-.236 (1.456)	.790	-.615 (1.500)	.540
External variables												
Public atten- tion			.119 (1.016)	1.126							-.863 (1.268)	.422
Ex post control: reporting			.933 (.896)	2.543							.174 (1.065)	1.190
Ex post control: evaluation			-1.701 (1.400)	.182							-1.502 (1.713)	.223
Task variables												
Regulatory task				.528 (.488)	1.696						-.124 (.635)	.883
Social welfare policies				-.617 (.445)	.540						-.350 (.544)	.704
Structural variables												
Budget (logged)							6.337** (2.489)	565.201			5.922* (2.921)	373.277
Agency board							-1.485*** (.580)	.226			-.386 (.702)	.680
Agency type												
County admin. board									2.653*** (.843)	14.196	2.715*** (.949)	15.100
University or college									-1.831* (1.070)	.160	-1.534 (1.285)	.216
Cox & Snell R square	.000		.023		.029		.079		.159		.200	
Nagelkerke R square	.000		.035		.044		.119		.240		.303	
N	121		121		121		121		121		121	

Notes: * $p < 0.1$, ** $p < 0.05$, ***= $p < 0.01$. Standard errors in parentheses. The dependent variable is a dummy (0-1). A detailed description of the variables can be found in the appendix in tables 2 and 3. All models are based on the same respondents: those for whom there is information on all the variables included in model 6.

We can see in tables 2 and 3 that not many of the independent variables in the analysis have any effect on the degree of politicization. The main focus here—financial and HRM autonomy—point in a negative direction; those agencies that claim to enjoy the greatest degree of financial and HRM autonomy tend to be less politicized, that is, the opposite of what the NPM hypothesis predicts. However, the effect is far from being significant in any of the six models.

One variable that does display a significant effect on the politicization of DGs is county administrative boards. There is a much greater chance that a DG of a county administrative board has a political background than other DGs. The existence of an agency board appears to have a negative effect in model 4, but this effect disappears when county administrative boards are included in the analysis in model 6. The reason is that no county administrative boards have agency boards. The conclusion that it is actually the agency type that matters and not the lack of an agency board is confirmed by a control analysis in which the type of agency is kept constant. Since there is a fairly large group of general public service agencies (see table 1), the analyses in table 2 were re-run only on this group in order to control for sample bias. This analysis shows that agency board has no significant effect on politicization in model 4 or model 6.

Another variable that has a significant effect is budget. The larger the budget, the greater is the chance that an agency is headed by a politically appointed DG, which is in line with expectations. This relationship holds even under control for agency type. Budget is only one indicator of agency size discussed in previous studies, however. The number of employees is also often mentioned. Staff size has therefore been included in a number of control analyses, but is not included in tables 2 and 3, since it 1) displays no significant effects and 2) correlates strongly with budget (Spearman's $Rho=0.794$, $p=0.000$), which causes a high level of multicollinearity in the model.

As predicted, universities appear to have a negative effect on politicization, at least in model 5. This effect is no longer significant in model 6, however. The reason is that this variable is positively correlated with social welfare tasks and negatively correlated with regulatory tasks and agency boards. Collinearity statistics show that the tolerance for the university variable when all these other variables are included in the analysis is only 0.431. If these variables are excluded from the analysis, however, the tolerance increases to 0.799 and universities have a significant ($p=0.079$) negative effect ($Ex(B)=0.144$) on politicization in model 6 as well.

Conclusion

The spread and implementation of the NPM reform have occupied quite a few public administration scholars over the last two decades. Our knowledge of the consequences of this reform is much more limited, however. Some prominent researchers have predicted that NPM will lead to an increased politicization of the civil service. The first purpose of this paper was to elaborate how such a relationship could work. Based on previous studies, it is suggested that the managerial and contractualist aspects of NPM have provided politicians with a reason and the means to politicize the civil service. This is referred to as the NPM hypothesis.

The second purpose of this paper was to test the NPM hypothesis. The empirical test is carried out on 120 Swedish agencies, for which the combination of two original datasets enables analyses of the effect that the self-reported financial and HRM autonomy of the agencies have on the political recruitment of their DGs. If the NPM hypothesis is correct, politically recruited DGs should be more common at agencies that enjoy high degrees of autonomy. This does not turn out to be the case, however. Neither financial nor HRM autonomy appear to be significantly correlated to the DGs' political backgrounds at all. Thus, this study does not find any support for the NPM hypothesis.

However, it may be fruitful to test this hypothesis in a context where there is a greater variation in financial and HRM autonomy between different agencies. Even though there is variation in Sweden as well, Swedish agencies generally enjoy a fairly high degree of autonomy in an international perspective (Niklasson 2012).

It is also worth mentioning that the study confirms what previous studies have shown regarding county administrative boards and universities in Sweden. County governors (county administrative boards) are more frequently recruited from the political sphere than the average DG, whereas vice chancellors (universities) are much less so.

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APPENDIX

TABLE A1, VARIABLES INCLUDED BASED ON SURVEY DATA

VARIABLE	SURVEY QUESTIONS	POSSIBLE ANSWERS	\bar{X}	MEDIAN	STD. DIV.	MIN.	MAX.	N
Financial autonomy	See financial autonomy is an additive and normalized index based on variables 1-2 below. The survey question ran: "To what extent can the agency make decisions regarding the following things, independently of the government and the parent ministry:"	Low financial autonomy (0) – high financial autonomy (1)	.63 (.66)	.63 (.75)	.31 (.30)	0 (0)	1 (1)	165 (120)
Financial autonomy variable 1	Shift the allotted funds between staff and running costs	To a very great extent (1), to a great extent, to some extent, to a low extent, not at all (0)	.73 (.76)	.75 (.75)	.32 (.30)	0 (0)	1 (1)	165 (120)
Financial autonomy variable 2	Shift the allotted funds between staff or running costs and investments	To a very great extent (1), to a great extent, to some extent, to a low extent, not at all (0)	.53 (.56)	.50 (.50)	.37 (.38)	0 (0)	1 (1)	167 (120)
HRM autonomy	HRM autonomy is an additive and normalized index based on variables 1-5 below. The survey question ran: "To what extent may the agency, independently of the government, make decisions on the general conditions of employees regarding the following issues in practise?"	Low HRM autonomy (0) – high HRM autonomy (1)	.83 (.84)	.85 (.85)	.17 (.17)	0 (.05)	1 (1)	167 (121)
HRM autonomy variable 1	Raise the salary	To a very great extent (1), to a great extent, to some extent, to a low extent, not at all (0)	.86 (.87)	1.00 (1.00)	.19 (.19)	0 (0)	1 (1)	170 (121)
HRM autonomy variable 2	Promote	To a very great extent (1), to a great extent, to some extent, to a low extent, not at all (0)	.82 (.82)	1.00 (1.00)	.22 (.23)	0 (0)	1 (1)	170 (121)
HRM autonomy variable 3	Evaluate	To a very great extent (1), to a great extent, to some extent, to a low extent, not at all (0)	.87 (.88)	1.00 (1.00)	.17 (.16)	0 (0)	1 (1)	169 (121)
HRM autonomy variable 4	Hire	To a very great extent (1), to a great extent, to some extent, to a low extent, not at all (0)	.82 (.83)	.75 (1.00)	.21 (.20)	0 (0)	1 (1)	169 (121)
HRM autonomy variable 5	Fire	To a very great extent (1), to a great extent, to some extent, to a low extent, not at all (0)	.80 (.82)	.75 (1.00)	.23 (.21)	.25 (.25)	1 (1)	168 (121)
Public attention	See public attention variables 1-4 below. The survey question ran: "To what degree has the agency been subjected to political and public attention during the passed five years:" The values of these four variables have been added and then divided by 4. The survey questions are significantly correlated (Spe-	0-1	.45 (.47) (.48)	.44 (.44) (.44)	.24 (.23) (.23)	0 (.06) (.06)	1 (1) (1)	158 (120) (121)

arman's rho>0.406, p=0.000) and they load on the same dimension in an unrotated factor analysis (factor loadings>0.729), using Kaiser's criterion. Cronbach's alpha is 0.779.

Public attention variable 1	Parliamentarian control (interpellations, questions, hearings, changes in economic allowances)	To a very high degree (1), to a high degree, to a certain degree, to a low degree, not at all (0)	0.40 (.43) (.43)	0.50 (.50) (.50)	0.33 (.32) (.32)	0 (0) (0)	1 (1) (1)	164 (120) (121)
Public attention variable 2	Legal initiatives (bills, decrees)	To a very high degree (1), to a high degree, to a certain degree, to a low degree, not at all (0)	.41 (.41) (.42)	.50 (.50) (.50)	.36 (.37) (.38)	0 (0) (0)	1 (1) (1)	159 (120) (121)
Public attention variable 3	Media coverage	To a very high degree (1), to a high degree, to a certain degree, to a low degree, not at all (0)	.70 (.72) (.73)	.75 (.75) (.75)	.26 (.25) (.25)	0 (.25) (.25)	1 (1) (1)	171 (120) (121)
Public attention variable 4	External criticism (e.g. by NGOs, public agencies, EU institutions)	To a very high degree (1), to a high degree, to a certain degree, to a low degree, not at all (0)	.31 (.30) (.32)	.25 (.25) (.25)	.27 (.25) (.26)	0 (0) (0)	1 (1) (1)	167 (120) (121)
Ex post control: Reporting	How often does the agency report results and achieved goals (other than purely financial ones) to the government or the parent ministry?	Every month or more frequently (1), every 2-4 month, once every sixth month, once a year, less than once a year (0)	.44 (.45) (.44)	.25 (.25) (.25)	.26 (.25) (.25)	0 (0) (0)	1 (1) (1)	173 (120) (121)
Ex post control: Evaluation	By whom are the results and goal achievements (other than purely financial) of the agency evaluated? More than one answer is possible. The agency itself The government or the parent ministry Third party assigned by the agency Third party assigned by the government or parent ministry Third party assigned by the Parliament Other	The number of items indicated by the respondent have been added and normalized so that six actors indicated=1 and none=0.	.38 (.38) (.38)	.33 (.33) (.33)	.17 (.17) (.17)	0 (.17) (.17)	1 (1) (1)	174 (120) (121)
Regulatory task	What is the primary task of the agency? Choose one task. – Supervision/regulation/control	Other kinds of tasks (0), supervision/regulation/control (1)	.22 (.23) (.23)	.00 (.00) (.00)	.42 (.41) (.42)	0 (0) (0)	1 (1) (1)	171 (120) (121)
Social welfare issues	In what policy areas is the agency active? (The following policy areas were coded as social welfare: – Social security – Health – Housing – Recreation – Education)	None of the social welfare options was selected (0), at least one of the social welfare options was selected (1)	.47 (.56) (.55)	.00 (1.00) (1.00)	.50 (.50) (.50)	0 (0) (0)	1 (1) (1)	177 (120) (121)

Note: The variable information with an N of 121 represents the values of the variables when only the cases in the HRM Autonomy model 6 are included (see table 3). The variable information with an N of 120 represents the values of the variables when only the cases in the financial autonomy model 6 are included (see table 2). The third version of the variable values is valid when all agencies that have answered that specific question are included, that is for a maximum of 181.

TABLE A2, INCLUDED VARIABLES BASED ON OTHER KINDS OF DATA

VARIABLE	SOURCE	POSSIBLE ANSWERS	\bar{x}	MEDIAN	STD. DIV.	MIN.	MAX.	N
Politicization	See "Data"	The DG does not have a political background (0), the DG has a political background (1)	.26 (.24) (.23)	.00 (.00) (.00)	.44 (.43) (.42)	0 (0) (0)	1 (1) (1)	217 (120) (121)
Budget	The Swedish National Financial Management Authority (ESV)	Swedish crowns (SEK). Logged and normalized so that the values run between 0 and 1.	.56 (.57) (.57)	.57 (.57) (.57)	.13 (.10) (.11)	0 (.36) (.36)	1 (.92) (.92)	236 (120) (121)
Agency board	The Government's Survey Support (Statskontoret) 2008	No agency board (0), agency board (1)	.36 (.38) (.38)	.00 (.00) (.00)	.48 (.49) (.49)	0 (0) (0)	1 (1) (1)	256 (120) (121)
County administrative board		Not a county administrative board (0), county administrative board (1)	.08 (.08) (.08)	.00 (.00) (.00)	.27 (.28) (.28)	0 (0) (0)	1 (1) (1)	256 (120) (121)
University		Not a university (0), university (1)	.14 (.19) (.19)	.00 (.00) (.00)	.35 (.40) (.39)	0 (0) (0)	1 (1) (1)	256 (120) (121)

Note: The variable information with an N of 121 represents the values of the variables when only the cases in the HRM Autonomy model 6 are included (see table 3). The variable information with an N of 120 represents the values of the variables when only the cases in the financial autonomy model 6 are included (see table 2). The third version of the variable values is valid when all agencies that there is information about are included, that is for a maximum of 256.