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Organizational Change in Local Governments: The Impact of the Danish Local Government Reform

Martin Baekgaard*

*University of Aarhus, Denmark, MartinB@ps.au.dk

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Abstract

The article explores organizational structures in public organizations that are the results of amalgamations of two or more public organizations. Focusing on the Danish Local Government Reform implemented in 2007, the main questions are whether the new municipalities have decided to organize themselves differently than their predecessors, and whether the interests of centrally placed actors affect such a decision. Data on the political and administrative organization of all Danish municipalities in 2005 and 2007 show that the number of organizational units grew considerably more in the 66 new municipalities than it did in the 32 municipalities whose territory was not changed because of the reform. The analyses show that the increased number of organizational units can in part be explained by new municipal tasks and increased workload due to the new structural conditions. An important part of the increase, however, was caused neither by task related, nor by structural changes. Alternatively, the increase may be explained by political norms stating that all relevant interests should be given a top post in the new organizations.

KEYWORDS: local government amalgamations, local government reform, historical institutionalism, critical junctures, organizational change, horizontal specialization

Introduction

Politico-administrative organizations are often divided into sector units corresponding to the services that each organization provides to the public. Such divisions are presumed to enhance effectiveness in the provision of services. For politicians and administrators alike, specialization into sector units may improve their chances of acquiring specialized knowledge about the area they work in (Gulick, 1937; Hammond, 1990; Statskontoret, 2005: 89).

However, the division into sector units may also have negative consequences. For instance, the literature on sectorization (Damgaard, 1981; Hernes, 1984; Willoch, 1987; Vabo, 2005) argues that pronounced horizontal specialization may engender politicians and administrators who tend to represent the interests of their own sectors at the expense of the interests of the community at large (Egeberg et al., 1978: 123; Hernes, 1984: 163; Helland, 2000: 11). The reason is that sector affiliation affects the priorities that politicians and administrators assign to important tasks (Egeberg et al., 1978: 122). Hence, they will tend to act as spending advocates within their own sector areas. Due to the effects of logrolling the result may be higher total expenses for the organization than any one actor in the organization would initially want (Lundtorp, 2001: 316f).

It is therefore an interesting question if and how the Local Government Reform that was implemented in the Danish municipalities on 1st of January 2007 has affected the politico-administrative organization of the municipalities. Did the new municipalities seize the opportunity to decrease the number of political committees and administrative service departments in order to curtail the influence of sector interests and secure coordination across different service areas? Or was the number of organizational units increased in order to create attractive posts for centrally placed politicians and administrators?

The article begins with a presentation of a theoretical argument about why the Local Government Reform may have engendered change in the number of organizational units. This is followed by a presentation of the two opposing expectations of the trend in the political and the administrative organization and a discussion of whether and, if so, how the introduction of new municipal tasks may have led to organizational change. Next, the data and design of the investigation are presented. This is followed by an analysis of the development in the number of political and administrative organizational units from 2005 to 2007, and a discussion of the mechanisms that led to organizational change. The last section of the article presents the conclusion.

Organizational change in Danish municipalities

Conceptually, the discussion of organizational change is based on the insights of historical institutionalism, in particular Paul Pierson's theory about critical junctures (Pierson, 2000). According to Pierson, institutions – in this case the number of political and administrative organizational units – are hard to change because they structure the way in which power is distributed among individuals. Furthermore, individuals gradually adapt to the institutional setup and institutions will therefore tend to grow ever stronger. Hence, there are considerable costs involved in changing institutions for powerful and less powerful actors alike (North, 1990: 95), and in particular the most powerful actors will have an interest in maintaining the institutions that constitute their power bases (Mahoney, 2000: 521; Pierson, 2000: 259; Ma, 2007: 65). However, an exogenous shock may destabilize the existing configuration of power among individuals, hence making it rational to change institutions, even for individuals who used to be powerful. Thus, in Pierson's terminology a critical juncture is defined as a sudden impetus for change in a normally stable institutional setup (Pierson, 2000: 265f; Thelen, 1999).

Pierson's description of institutional stability is very much in accordance with the trend in Danish local political and administrative organizational structures from the 1980s and up to 2005. In general, the municipal organizations have been subject to very little change despite intense focus on the need to try out new forms of political and administrative organizations. This is in particular the case for the political organization, for which the form of government as well as the horizontal specialization into different committees has varied only marginally over time and across different municipalities despite criticism of how political life in the municipalities has traditionally been organized, and despite the fact that, with a few exceptions, The Local Government Statute makes it possible to vary, for instance, the political form of government (Henrichsen, 2005).

The Local Government Reform of 2007 may, however, have created a new situation. The reform was the outcome of a political decision by parties in the Danish national parliament, and it was thus at least not directly influenced by the personal interests of politicians and administrators in the Danish municipalities. The main aspect of the reform was the amalgamations of most municipalities into larger geographical units. Thus, the 271 old municipalities were transformed into 98 new ones. Of the new municipalities 66 were amalgamations of old municipalities, while 32 were not subject to change. Using the framework of historical institutionalism, the Local Government Reform may be seen as a critical juncture that required renegotiation of the institutional setup in municipalities that were to be amalgamated, because the existing power configurations were changed, in that politicians and administrators from different contexts were to be

brought together in a new municipality. Hence, the Local Government Reform may have been a precondition for change in municipalities under amalgamation. Conversely, there is no reason to expect that the organizational structures have changed in the 32 municipalities that were geographically unaffected by the reform, since they were not subjected to a similar change in the configurations of power.

Political explanations of change in organizational structures

The question is how the Local Government Reform affected the political and administrative organization in the new municipalities that emerged after amalgamation (hereafter “amalgamated municipalities”). The decision on how to organize politically and administratively may depend on just a few actors, namely those individuals who have the power to decide to change the structures, and whose personal interests depend on such a decision (Knight, 1992: 126; Knight, 1998: 107f). In the Danish municipalities this is the case for city councillors and administrative leaders.

If the post-reform amalgamated municipalities set up about the same number of organizational units as did the old municipalities before the reform, the total number of political and administrative leadership posts would be drastically reduced. A reduction in the total number of administrative leadership posts means that some leaders have to accept less prestigious and less influential jobs or leave the municipal system for jobs elsewhere. Similarly, maintaining a relatively small number of political committees will lead to fewer seats on standing committees and the prestigious finance committee. Moreover, a reduction in the total number of standing committees inevitably means a reduction in the total number of the attractive political posts as committee chairs. This may have rather serious consequences for individuals who lose their chairmanships. The literature on coalition formation argues that politicians are motivated by private gains as well as by the possibility of being able to affect policy (Strøm, 1990; Laver, 1998: 5ff). In the Danish municipal context, chairing a standing committee is prestigious, the economic fee is more generous than what the rest of the city councillors receive,¹ and the chairman probably also has a better opportunity than his fellow city councillors to affect policy on issues within the jurisdiction of his committee, since the chairman “prepares, convenes, and governs” the meetings of his committee (The Local Government Statute, 2006: § 22; The Executive Order on Fees for Local Politicians, 2005: § 9). Accordingly, political leaders have a shared

¹ The municipalities are not obliged to pay a higher fee to chairmen of standing committees than to other city councillors (The Executive Order on Fees for Local Politicians, 2005: § 9). An examination of the regulations on the topic in different municipalities shows, however, that chairmen normally receive a considerably higher fee than others.

interest in creating a large number of top posts in the amalgamated municipalities. The same applies to the group of administrative leaders.

A counterargument to the one presented above is that politicians not only have a common interest in a large number of political top posts. They also have competing interests with regard to the distribution of top posts across parties. Imagine a situation in which a party is ensured a post as chair of a standing committee and knows that a division of the committee in two new committees means that the chairmanship of one of the new committees will go to another party. In this situation a division of the committee will give the party relatively less influence. We should therefore expect rational parties to oppose divisions of committees in such situations. Hence, the parliamentary situation in a municipality is important to individual politicians and to party interests

This argument, however, is not consistent with the lessons drawn from studies of coalition formation in Danish municipalities. Coalitions are formed in negotiations immediately after an election and they are interesting because this is where it is decided who is to be mayor, sit on committees, and chair committees. The studies show that Danish municipalities in general end up with oversized coalitions, i.e., coalitions that are larger than necessary to command a majority (Pedersen, 1997; Skjæveland et al., 2007). Skjæveland et al. (2007), for instance, show that more than two thirds of municipal coalitions have at least one superfluous party (p. 223f). It seems as if coalition partners hand over power to parties that are not essential to the coalition. Pedersen (1997) explains this by arguing that it reflects a mutual strategy of collaboration between parties (p. 325f). Hence, to create a climate conducive for collaboration in the city council, even parties who command an absolute majority relinquish chairmanships to other parties. Skjæveland et al. (2007), on the other hand, argue that a possible explanation might be that politicians adopt existing norms among their constituents, stating that parties should have influence corresponding to their share of the votes.

Whatever the reason, such norms may very well have led to an increase in the number of committees after the reform. The reason is that an extra dimension was added to the norms after the reform. Prior to the reform, the primary cleavage in city councils that had to be taken into account in negotiations after an election was that between parties. The reform added a geographical cleavage because the politicians in each new city council come from several old municipalities. Thus, in order to ensure a fair distribution of political posts, the negotiations had to consider not only the parties and their share of the votes, but also the geographical affiliation of councillors when determining the number of committees.

Hence, the interests of political leaders as well as experiences from coalition formations in Danish municipalities indicate that politicians will try to lessen the drawbacks of the reform by deciding on a larger number of committees

compared to the pre-reform municipalities. Likewise, administrative leaders will have an interest in increasing the number of administrative units after the reform. This leads to the hypothesis that the reform has led to an increased number of organizational units in the amalgamated municipalities. Moreover, this increase is expected to be larger than a possible increase in the number of organizational units in non-amalgamated municipalities, since these municipalities have not been subject to a similar exogenous shock to their organizational structure.

On the other hand, the municipalities are parts of an environment characterized by strong formal and informal norms that define legitimate and appropriate behaviour (Langhede & Klemmensen, 2006: 137). Apparently, a high degree of sectorization, i.e., a high degree of horizontal division into organizational units, is seen as a problem among municipalities. In 1989 the Local Government Statute was changed because the municipalities wanted to reduce the number of standing committees in order to strengthen cross-sector policy-making (Le Maire & Preisler, 2000: 88). The question of how to organize has also caught the attention of the municipal world more recently. The Association of Danish Municipalities as well as individual municipalities have pointed to the problems of a high level of horizontal specialization in municipal organizations (for instance, The Association of Danish Municipalities 2003; 2005: 25; Christensen et al., 2006: 62, 122; Lundtorp, 2001: 317), and the changes in government forms in the municipalities of Copenhagen, Frederiksberg and Odense in 2001 were made precisely because these municipalities wanted to reduce the level of horizontal specialization in their organizations (Berg & Petersen, 2001: 88f). The important thing here is not whether horizontal specialization creates problems; just that a common understanding appears to exist among municipalities that it is a problem.

The interest shown by The Association of Danish Municipalities in the problems of organizations that are strongly divided horizontally is important in this respect, since the association is generally accepted as the interest organization of the municipalities and is the architect of many new initiatives in the municipal world, thereby influencing the attitudes of municipalities (Ansbøl, 2005: 22f). The amalgamated municipalities may therefore have seized the opportunity to reorganize in accordance with the recommendations of The Association of Danish Municipalities; an opportunity that arose only because the amalgamations altered previous power configurations. Hence, a competing hypothesis to the one derived above is that the number of political and administrative organizational units has decreased in the amalgamated municipalities, and that this decrease is larger than any possible decrease in the non-amalgamated municipalities.

Task related and structurally related explanations of the changes in organizational structures

How did the Local Government Reform affect the number of organizational units in the municipalities? In addition to the amalgamation processes which created 66 new municipalities and left 32 municipalities unchanged with regard to their territory, the allocation of tasks between the state, the regions and the municipalities was changed considerably (Ministry of the Interior, 2006: 11). These changes affected all municipalities. It is therefore necessary to distinguish between changes that have purely structural or task related causes and changes, such as the ones mentioned in the section above, that came about because of political considerations.

With regard to the reallocation of public tasks between different kinds of public authorities, amalgamated and non-amalgamated municipalities alike are now responsible for governing a number of new areas such as health care, social services, and unemployment (Christensen et al., 2006: 114f). These changes in the diversity of municipal tasks may have impacted the political and administrative organizational structures in the municipalities. The new tasks either had to be fitted into already existing units, or new units had to be established to take care of the tasks. The number of organizational units may therefore tend to increase due to the increase in the number of managerial tasks administered by the municipalities.

Moreover, the amalgamated municipalities may have experienced an additional increase in the number of organizational units because of the structural changes that increased their population size. The reason is that the total number of cases administered by the municipalities, and therefore also the need for organizational specialization, is likely to depend on the number of inhabitants. Thus, an earlier investigation has found strong and positive correlations between the size of municipalities measured by the number of inhabitants and the number of political and administrative organizational units (Byskov-Nielsen, 2006: 129f).

Both of these arguments rest on the assumption that changes in the conditions concerning the administration of municipal tasks automatically lead to adaptation in the organizational structures that constitute the context for the administration of the tasks. Whether this assumption is right or wrong is not the main concern here. However, the discussion shows that it is necessary to account statistically for such effects in order to separate them from those effects of the Local Government Reform that have to do with political considerations about the future structure in amalgamated municipalities.

Design and data

Because of the possible effects of changes in the conditions under which tasks are administered, a detailed understanding of the effects of structural changes can not be obtained simply by comparing the number of organizational units in the municipalities that faced amalgamation before the reform with the number of organizational units in the new amalgamated municipalities after the reform. The change in the number of organizational units in non-amalgamated municipalities is therefore included in the analysis in order to investigate whether the development in the number of organizational units has been different in the two types of municipalities. In this way we can distinguish between politically motivated changes and changes caused by a different task portfolio in the municipalities. To separate the effect of structural changes from the other effects, a statistical control for municipal population size is carried out.

With regard to the design, the analysis centres around two questions. First, the question is whether the number of organizational units has changed. Second, the focus of the analysis is whether such a change can be explained as a consequence of changes in task related or structural conditions, or if it should instead be explained by the fact that the municipalities received an exogenous shock, causing leading politicians and administrators to have an interest in changing the existing structures.

Regarding the political organization, the horizontal specialization is measured as the number of standing committees and the finance committee, that is, the number of committees that are politically responsible for the day-to-day administration and have the authority to decide on all affairs within their jurisdiction (The Local Government Statute, 2006: § 17 paragraph 1). The number of committees was counted by collecting information in the regulations governing each single municipality.

The horizontal specialization of the administrative part of the municipal organizations was measured by counting the number of service departments. Service departments are particularly interesting in this investigation because the managers of such departments are highly ranked in the administrative hierarchy, and may therefore be able to affect the development of the municipal organization. Moreover, much is at stake for such managers if the number of managerial posts is reduced. However, as there is no precise definition of service departments, they were counted based on three criteria that all have to be fulfilled in order to define an organizational unit as a service department. First, service departments are organizational units whose primary area of responsibility is the public provision of services to citizens within a delimited area, for instance public schools, daycare, or the like, and who are superior to any other administrative organizational unit providing services within the same area. Second, service

departments are characterized by internal vertical and horizontal specialization into subunits. Finally, the departments each have one single manager who is in charge of the operations of the department as a whole and for interacting with the politicians about topics related to the area of responsibility of the department.

Information on the number of service departments was gathered by visiting municipal websites. This way of gathering information differs from earlier examinations of service departments (Byskov-Nielsen, 2006), in which information from The Municipal Yearbook was used. The method used here presumably leads to a more valid coding since there is no uniform way of reporting information to The Municipal Yearbook. However, websites were not available for the 239 municipalities that were amalgamated into 66 new municipalities in 2007. Hence, The Municipal Yearbook had to do for gathering information on the number of organizational units in 2005.² This means that some municipalities have been excluded from the analysis because it has been impossible to determine the number of administrative organizational units by using only The Municipal Yearbook. Table 1 compares the excluded municipalities with municipalities who use service departments, and municipalities in which service departments are not used at all.

Table 1. A comparison of municipalities where the administrative organization in 2005 has been clarified with municipalities where it has not been clarified. Means and standard deviations.

	Population size	Population density	Territorial size (sq.km)	Amalgamated later on	Number of political committees	N (municipalities)
Has been clarified: Use service departments	21,188 [44,035]	249.59 [584.19]	159.69 [104.85]	0.89 [0.314]	4.40 [1.061]	209
Has been clarified: No use of service departments	17,492 [13,241]	185.72 [200.29]	150.70 [112.48]	0.83 [0.384]	4.62 [1.293]	29
Can not be clarified	14,906 [16,639]	443.91 [1817.81]	162.18 [89.16]	0.88 [0.331]	4.61 [1.116]	33
Total	20,027 [39,367]	266.42 [814.54]	159.03 [103.59]	0.88 [0.323]	4.45 [1.094]	271

Sources: Ministry of Interior (various years); The Municipal Yearbook 2005.

Notes: *: $p < 0.1$, **: $p < 0.05$, ***: $p < 0.01$. Standard deviations are shown in brackets.

The table reveals no significant differences between the three groups of municipalities, but there is a slight tendency that municipalities with few inhabitants and high population density are among those excluded from the analysis. As to the population density, the reason is that the municipality of Frederiksberg is among the excluded municipalities. This municipality has by far

² The Municipal Yearbook was not published in 2006. The comparison of the number of political and administrative organizational units before and after the reform is therefore made using information for the years 2005 and 2007.

the highest population density in the country, and thus a considerable impact on the mean population density of the excluded municipalities. That some municipalities in the analyses were excluded is therefore only of potential importance with regard to conclusions based on the effects of municipal size measured by the number of inhabitants.

An analysis of municipalities using service departments shows that the number of service departments increases monotonously with the number of inhabitants. For municipalities that were excluded and actually use service departments a similar association is likely to exist. If this is the case the mean of the number of service departments in 2005 is overestimated, and hence, the count of service departments constitutes a conservative test of the expectation about an increase in the number of service departments from 2005 to 2007. In any event, the drop-out of municipalities due to exclusion is so limited that it is hardly of more than minor importance for the conclusions.

The trend in the number of committees and service departments

The committee form of government dominates in Danish municipalities. In 2007, 94 out of the 98 Danish municipalities used some variant of the committee form of government. The Local Government Statute enjoins these municipalities to set up one finance committee and at least one standing committee (The Local Government Statute, 2006: § 17.1). The municipality of Aarhus has a cabinet form of government, while three municipalities use a form of government in which the committees only have an advisory function for the city council and no authority to make decisions.³

Because of the widespread use of the committee form of government and the central role played by committees with regard not only to formulation but also implementation of policies, it is interesting to investigate to what extent the Local Government Reform has engendered increased horizontal specialization. Local politicians have the authority to change the number of committees in their own municipality. Moreover, as already noted, they may have had an interest in doing so, because the posts as committee chairmen are prestigious and salaried. The trend is analyzed in Table 2:

³ Because of the minor importance of committees in Aarhus, that municipality has been excluded in the analysis focusing on horizontal specialization of the political organization. Conversely, the three municipalities that use committees without decision-making authority have all been included. The reason is that the committees in these municipalities are also specialized with regard to their focus on different parts of municipal service areas. All analyses in the paper have been conducted with and without these three municipalities. A comparison shows that the inclusion of these municipalities does not substantially change the results of the analyses.

Table 2. Mean number of committees before and after the Local Government Reform.

	2005	2007
Non-amalgamated municipalities (mean number of committees)	5.581 [1.587] (N=31)	6.226 [1.910] (N=31)
Amalgamated municipalities (mean number of committees)	4.300 [0.916] (N=239)	7.424 [1.789] (N=66)
Difference in means	1.281***	-1.198***
N ⁽¹⁾	270	97

Sources: The Municipal Yearbook 2005; municipal homepages and regulations.

Notes: *: $p < 0.1$; **: $p < 0.05$; ***: $p < 0.01$. Standard deviations are given in brackets.

(1): The municipality of Aarhus has been excluded both years, because it uses a cabinet form of government (Berg, 2004: 20).

Table 2 shows a huge increase in the number of committees in amalgamated and non-amalgamated municipalities alike. Even more interesting is the fact that the increase in the number of committees is significantly larger in the amalgamated municipalities than in the non-amalgamated municipalities ($t=8.114$; $p < 0.001$). Comparing the trend in the two types of municipalities, the increase in the number of committees in the amalgamated municipalities can therefore not be explained only by changes in the diversity of municipal tasks but should either be explained by the increase in the total number of cases that the municipalities are responsible for administering, or by the fact that these municipalities have been part of an amalgamation process.

Traditionally, Danish municipalities have followed a principle of organizing their administrations in hierarchically structured service departments. Each service department is managed by one single manager, who typically has educational or other competencies related to the service tasks within his department. During the 90's the municipalities have increasingly experimented with other ways of organizing, in particular by using other principles of specialization (Larsen, 1993; Ejersbo, 1998). In 2007 about two thirds of the municipalities had service departments (see Table 3 below).

There are three reasons that the organization of municipalities in service departments is of particular interest when analyzing the administrative organization. First, like the tasks of committees, the tasks of service departments are delimited to specific service areas. We may therefore expect that administrative specialization has some of the same consequences as those pointed out by the sectorization literature with regard to specialization between committees. Second, employers in municipal administrations that were to be amalgamated had a say in how the administration was to be organized in the new

municipality. Up to the Local Government Reform the municipalities that were to be amalgamated created a number of working groups, consisting primarily of top managers in the old administrations, who were charged with working out a plan for the future administrative organization. Third, the administrative managers may have had incentives to retain or even increase the number of managerial posts in the new municipalities to increase the probability of keeping their own attractive posts. The results of the analysis are shown in Table 3:

Table 3. Mean number of service departments before and after the Local Government Reform.

	2005	2007
Non-amalgamated municipalities (mean number of service departments)	3.348 [0.935] (N=23)	3.682 [1.129] (N=22)
Amalgamated municipalities (mean number of service departments)	2.602 [0.794] (N=186)	4.439 [1.097] (N=41)
Difference in means	0.746***	-0.757**
N	209	63

Sources: The Municipal Yearbook 2005; municipal homepages.

Notes: *: $p < 0.1$; **: $p < 0.05$; ***: $p < 0.01$. Standard deviations are given in brackets.

As can be seen, the trend in the number of administrative organizational units is in many respects similar to that in the number of political organizational units. While the number of service departments per municipality was higher in non-amalgamated municipalities before the reform, it is correspondingly higher in the amalgamated municipalities after the reform. This relative change in the mean number of service departments between the two types of municipalities is primarily due to a remarkable 71 % increase in the mean number of service departments from 2005 to 2007.

The question is whether the different trend patterns in amalgamated and non-amalgamated municipalities are the result of a politically motivated and deliberate decision that was relevant only in amalgamated municipalities, or whether the difference can be explained by the structural changes in amalgamated municipalities, which also engendered changes in the total number of tasks the municipalities had to carry out. This question is examined in Table 4 (see below).

A number of controls are included in the analysis. Population size is included in analyses of the number of political and administrative organizational units and serves as a proxy for the total number of tasks a municipality has to deal with. With regard to the analysis of the determinants of the number of political committees, the mean number of committees in the previous election periods is

included, because the number of committees in one period is presumed to depend, at least to some extent, on the number of committees in the previous period. Unfortunately, it is impossible to construct a similar control variable in the analysis of the determinants of the number of service departments because for many municipalities we cannot make a valid count of the number of service departments in the years leading up to the Local Government Reform.

Furthermore, the analysis contains a proxy for the political competition in the municipalities. The expectation is that the number of parties represented on the city council is positively associated with the number of committees. This expectation is based on the fact that in the negotiations over a new coalition after an election, trading chairmanships in standing committees may be one of the measures parties can use to create a new coalition, to get the post as mayor, and to create a good climate for collaboration across parties. The tradition for oversized coalitions in Danish municipalities speaks in favor of such an association.

Finally, an important informal institution in Danish local politics states that all members of city councils should sit on at least one committee. The committees normally consist of only 5-9 members (The Municipal Yearbook 2001; 2005) due to efficiency considerations. Hence, an increase in the number of committees may be a simple way to ensure all city council members at least one committee membership. Thus, a control variable describing the number of city councillors is included.

Table 4. The impact of the type of municipality on the number of committees (OLS). Unstandardized coefficients and levels of significance.

	Model 1: # of committees 2007 (ln) ⁽¹⁾	Model 2: # of committees 2005 (ln)	Model 3: # of service departments 2007 (ln)	Model 4: # of service departments 2005 (ln)
Intercept	-0.619*	-0.104	-0.800	-0.552
Amalgamated municipality (dummy)	0.286**	0.001	0.148*	-0.064
Population size (ln)	0.052	0.045*	0.195**	0.163**
Mean # of committees 2005/2001 (ln)	0.803**	0.736**		
# of parties in the city council (ln)	-0.023	0.035		
# of city councilors (ln)	0.186	0.001		
Adj. R ²	0.617	0.795	0.359	0.140
N	97 ⁽²⁾	270 ⁽²⁾	63	208

Sources: The Municipal Yearbook 2005; municipal homepages and regulations, Ministry of Interior (various years)

Notes: *: p<0.05; **: p<0.01.

(1): This variable and a number of other variables have been transformed using the natural logarithm in order to live up to the assumption about linearity in OLS regression.

(2): The municipality of Aarhus has been excluded from the analyses, because it uses a cabinet form of government

If the amalgamation processes have shaped the incentives of politicians, and thereby also the number of organizational units in amalgamated municipalities, one would expect a significant difference between amalgamated municipalities and non-amalgamated municipalities in 2007 but not in 2005. The analysis appears to confirm this expectation.

With regard to the political organization the number of committees is significantly higher in amalgamated municipalities in 2007 even though the controls are included. Alternatively, if the regression does not distinguish between amalgamated and non-amalgamated municipalities, the adjusted R square decreases to 0.549. In other words, the adjusted R square increases by about 12 % when the dummy variable denoting municipality type is included. Similarly, the adjusted R square value increases by about 16 %, from 0.309 to 0.359, when a distinction is made between the two municipality types in the regression using the number of service departments in 2007 as the dependent variable (Model 3).

This interpretation finds support in the regressions on the number of organizational units in 2005 (Models 2 and 4). These analyses do not indicate that municipality type has any impact on the number of organizational units. The effect of the municipality type variable on the number of political committees in Model 1 may therefore be explained by the fact that some municipalities have been involved in amalgamation processes while others have not. Furthermore, the analyses in Table 4 show that there is a significant correlation between the number of committees in 2007 and 2005 and the number of committees in the previous election period. Thus, it would seem that there is considerable inertia in municipal decisions about how to organize politically over time. This variable is the primary factor behind the unusually high R square values in Models 1 and 2.

In other words, the analyses lend support to the hypothesis that the Local Government Reform has had a positive impact on the horizontal specialization in that the number of political and administrative organizational units has increased more in the amalgamated municipalities than can be explained by changes in size and tasks. The question is, however, whether the increase occurred because centrally placed politicians and administrators tried to maximize their utility as a group by minimizing the disadvantage of fewer attractive posts created by the reform.

A discussion of the mechanisms that have engendered increased horizontal specialization

The discussion is concerned only with the mechanisms that have led to an increased number of committees in amalgamated municipalities. Unfortunately, the data set does not allow us to clearly separate utility-maximizing explanations associated with the increased number of organizational units in amalgamated

municipalities from norm based explanations. Such a test would require individual level data about the geographical affiliations to the former municipality of the individuals and about their committee memberships. Still, an indirect test of the mechanisms is possible. If the top politicians have tried to minimize the disadvantages of the reform, we would expect to find a positive relationship between the number of political top posts in the municipalities before the reform and the number of standing committees, and thereby also the number of chairmanships after the reform. The expectation may therefore be rejected if this relationship is not found.

The relationship is examined in Table 5 in which the total number of standing committees serves as a proxy for the number of political top posts before the reform. In other words, the analysis assumes that chairmen of standing committees were top politicians in the old municipalities. The same controls are included as in Table 4 and for the same reasons.

Table 5. The relationship between the total number of committees in 2005 and 2007 in amalgamated municipalities (OLS). Unstandardized coefficients and levels of significance.

	# of committes 2007 (ln) # of committees 2007	
	(model 1)	(model 2)
Intercept	-3.026**	-0.934
Total # of committees 2005 (ln)	-0.029	0.060
Population size (ln)	-0.058	0.169**
Mean # of committees 2005 (ln)	0.833**	0.727**
# of parties in the city council (ln)	-0.018	-0.070
# of city councilors (ln)	1.358**	
Adj. R ²	0.514	0.404
N	66	66

Sources: The Municipal Yearbook 2005; municipal homepages and regulations, Ministry of Interior (various years)

Notes: *: p<0.05; **: p<0.01.

(1): This variable and a number of other variables have been transformed using the natural logarithm in order to live up to the assumption about linearity in OLS regression.

The relationship in Model 1 between the total number of committees in 2005 and 2007 is strongly insignificant. Accordingly, these first findings indicate that the expectation of strategic political behavior should be rejected. However, the findings do not themselves constitute a sufficient basis for a rejection because the number of city councillors is strongly significant and positively correlated with the number of committees in 2007. One possible interpretation is that the top

politicians have reduced the disadvantages of the reform in two ways. First, the size of the new city councils may have been maximized in order to improve the chances of getting reelected. The political agreement about the Local Government Reform actually gave the municipalities some discretion to determine the size of the city council. The city councils in the new municipalities thus have to comprise at least 25 and no more than 31 members (Ministry of Interior, 2004: 13). Second, the number of committees is maximized to ensure a sufficient number attractive posts for as large a share of the elected politicians as possible. The number of committees in 2005 may thus be interpreted as a variable that affects the number of city councillors in 2007, and thereby indirectly the number of committees in 2007. If this interpretation is correct, we should accordingly expect the number of committees in 2005 to significantly affect the number of committees in 2007 if the intermediate variable – the number of city councillors in 2007 – is excluded from the analysis. This has been tested in Model 2 in Table 5 and no such pattern is found. Hence, the expectation that politicians collectively minimize the disadvantages of the reform by increasing the number of attractive posts can be rejected.

With regard to the positive and strongly significant effect of the number of city councillors in 2007 on the number of committees, it is interesting that a similar effect is not found in Table 4, in which all municipalities are included in the analyses. Hence, the amalgamated municipalities are different from the non-amalgamated municipalities with regard to this effect. However, there is no certain evidence as to why this is so.

Part of the explanation may be the norms for representation and about creating an environment of collaboration in the municipalities. Thus, the increase in the number of committees in the amalgamated municipalities may reflect a norm stating that all city councilors should sit on at least one committee. This interpretation is supported by the fact that the number of city councillors is significantly higher in the amalgamated municipalities whether controlling for population size or not. Moreover, the mean number of committee posts per politician in 2007 is actually a bit higher in non-amalgamated municipalities (1.88 seats per politician) than in amalgamated municipalities (1.70 seats per politician). If politicians in the amalgamated municipalities had decided to include fewer committees in their organizations, they would have been forced to increase the number of politicians per committee in order to ensure at least one committee membership per councillor. Hence, the striking increase in the number of committees in the amalgamated municipalities may be interpreted as a necessary consequence of the norms for allocation of committee memberships, combined with a larger number of city councillors than in non-amalgamated municipalities. Even if this interpretation is correct, a deeper understanding of the causal mechanisms that have led to the increase in the number of committees in

amalgamated municipalities would require an analysis to determine why many municipalities decided to have city councils of the maximum size allowed.

Conclusion

The article has shown that the Local Government Reform led to increased horizontal specialization in the organizations of the Danish municipalities. The article has thereby focused on an aspect of local government reforms that has not been highlighted before. The tendency to increased horizontal specialization is found with regard to the administrative as well as the political organization and in amalgamated and non-amalgamated municipalities alike.

Moreover, the analyses show that the horizontal specialization increased the most in amalgamated municipalities and more than what can be explained by structural and task related changes. The existing data unfortunately do not enable a thorough investigation of the mechanisms that led to this increase, but they clearly seem to be related to the amalgamation processes that gave rise to the 66 new municipalities. Thus, the Local Government Reform, at least in the short term, has had some unintended and – if we are to believe the arguments presented by proponents of sectorization theory – problematic consequences for the organization of amalgamated municipalities. The findings prompt further research in the processes that in many of the amalgamated municipalities have led to large city councils, and thereby to a large number of standing committees, and to research into the norms for collaboration in Danish city councils. In a broader perspective, the article questions the rationale behind the choice of organizational structure in public organizations. In particular, the findings illuminate that renegotiations of power configurations in public organizations are likely to produce an outcome that minimizes the disadvantages for the central actors involved.

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