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# **Management by Objectives in the culture sector**

*- A study of four culture units in the public sector*

*Bachelor Thesis*  
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# Abstract

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**Title:** Management by Objectives in the culture sector, -A study of four culture units in the public sector

**Background and problem description:** During the eighties a change in the public sector took place. The demands of the public sector to become more efficient and cost containment increased. This reform was called *New Public Management*. This meant that market oriented ways to steer organisations was adopted in the public sector. One way to comply with these demands was to implement *Management by Objectives*. *Management by Objectives* has recently become a current topic within the municipalities once again. In 2004 the municipal law was changed which meant that the municipalities must identify goals for their activities. The goals also need to be measured and followed up. But, *Management by Objectives* in the public sector has been criticized because the public sector does not fulfil all the requirements needed for *Management by Objectives*. The culture activities are an important part of the public sector which also must be run efficiently. Although, the soft values that culture experiences offer to the citizens might make it even more difficult to identify goals and ways to measure the goals for these kinds of activities.

**Purpose:** The purpose of this thesis is to describe and analyse how four culture units have applied *Management by Objectives* and if potential problems exist with this way of steering.

**Method:** The study has a qualitative approach. It is mainly descriptive, but also explorative since there are a limited number of studies made specifically in the area of culture. The primary data has been collected by interviewing respondents both from the political management in the studied municipalities and from the culture administrations. All of these respondents are involved in the steering process with which the culture administrations are controlled.

**Conclusions:** All of the studied units use steering by objectives in some way. The main part has adopted the *Balanced Scorecard*, which is an extended version of *Management by Objectives*. All of them have identified goals for their specific activities but some of them have not identified specific measures for these goals. They also lack in their follow-up of the goals. The culture administrations experience problems with measuring quality and the way people benefit from culture. Employee participation has also been discussed as a problem in the public sector because the risk of the employees' possibilities to get too much influence on political decisions. Other problems, not specifically connected to culture activities or the public sector, are to find a balance between general goals and goals that are too detailed and problems with internal communication.

## Keywords

New Public Management, culture administrations, municipalities, culture centres, public sector, Management by Objectives, Balanced Scorecard

## **Preface**

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We would like to express our gratitude to the respondents who took the time to let us interview them. Their kindness and willingness to help us and give us the information we needed made this thesis viable. Many thanks to Ulla Linton and Maria Abrahamson in Kungälv, Margareta Östman and Ove Andersson in Stenungsund, Ulla Forsén and Sören Björkman in Frölunda and Marianne Andersson in Gunnared.

We would also like to thank our tutor Urban Ask for letting us interrupt him at all times.

Göteborg, May 2007-05-30

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# 1 Introduction

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*This chapter of the thesis will give the reader a brief background to the thesis. The problem will be described and further lead to a definition of our purpose.*

## 1.1 Background

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In the mid-eighties a drastic change took place in Swedish public sector, in the area of management accounting. The phenomenon of New Public Management (NPM) was accepted. This meant that local administrations received a wider financial decentralized responsibility. For example units in the municipality became organised either as cost centres, revenue centres or balance sheets centres (Brorström, Haglund & Solli 2005). The change also made the public sector more goal-driven and client-oriented (Van Helden, 2005). Before the big change, the public sector was known as inefficient and non cost containment. This is why politicians and their advisors turned to the private sector to find ideas on how to change the situation and become influenced by their way of thinking. Even though the private and the public sector have different purposes with their activities, the public sector may attain advantages by managing their activities like the private sector (Pihlgren and Svensson, 1989). Studies show that NPM has led to an increased interest in incomes and cost awareness in the Swedish health care system. However NPM also has negative consequences. New forms of management accounting may lead to decreased support for professional ethics. Furthermore, actions taken to accomplish change in the way of how to control activities do not automatically mean that habits actually change as planned. Especially certain, established institutions are unwilling to cooperate. A consequence of this can be that formal reforms, will not reach the operative level (Brorström et al, 2005).

Management by Objectives (MbO) was one reform included in the new way of managing the public sector (Brorström et al, 2005, Montin 2004). This reform meant that units in the public sector had to identify goals for their activities, decide which goals to focus on and gradually follow up these goals (Rombach, 1991). In 2004, the Swedish municipality law was changed and it became statutory for the municipalities to identify and follow up both financial and activity- based goals (Hushållning i lagens namn, 2005). This was another step towards increasing the cost efficiency in the municipalities (Hushållning i lagens namn 2005).

The public sector is, according to Swedish law, obliged to offer certain services to Swedish citizens, such as school and health care (Hälso- och sjukvårdslag 1982:763, Skollag 1985:1100). Swedish law also makes sure that every Swedish municipality has a public library (Bibliotekslag 1996:1956, 2 §). However, aforementioned law (BL) is the only law that control culture activities (Iordanoglou, 2005). Despite the fact that a large part of the municipalities' culture activities are not, culture activities are something that the municipalities puts great value in supplying and therefore supplies. The supply of activities varies among the municipalities. This is a consequence of the fact that the major part of culture activities is not regulated.

Culture is hard to define. The municipalities are free to make their own definition of culture and what they want to include as culture activities. There is no clear definition of how the citizens can benefit from culture activities. One description indicates culture to be something that enhances joy, possibilities of expression and personal development (Karlsson, 2003).



During recent years there has been an economisation of the community and the culture sector has not been unaffected. With this, the demand of self-financing has increased. Visitors become customers or clients. The organisation of culture activities has become more businesslike (Stenström, 2000). According to more than one theorist; the economisation of the culture sector means that its sustainability is threatened (Max Weber and Walter Benjamin in Stenström, 2000) No matter opinion, no one can – without discussion – claim the economisation to be completely without problems. There are conflicts between culture and business, ideological as well as symbolical (Bourdieu, 1993). Culture and business has in the modern society often been seen as opposites of each other. Bourdieu (1993) also says that culture is controlled by other “laws” than those existing in the private sector. This means that culture workers have not needed to worry about the financial situation. Several culture organisations have witnessed how difficult it can be to cooperate with business oriented organisations. However, the gap between these two areas has, somewhat, been reduced (Stenström, 2000).

## **1.2 Problem description**

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As a consequence of the municipalities adoption of NPM, New Public Financial Management (NPFM) and more market oriented principles the public sector has been pushed into a system that was not created for their conditions (Olsson, Guthrie & Humphrey, 1998). The models were first created for the private sector. This does not mean that the models cannot be used in the public sector. As said earlier, Swedish health care is one part of the public sector which benefits from using for-profit methods. The public sector supplies a wide range of services and it is important to know that not all units in the public sector are alike. Even if Swedish health care has benefited from the new models, it does not mean that the rest of the services can benefit in the same way.

With the change of the municipality law in 2004 it became required to use Management by Objectives (MbO) as a steering tool in the public sector. Still, MbO in the public sector has been much criticized. It has been said that MbO is not appropriate for the public sector because the goals in the public sector are unclear and divergent (Rombach, 1991). Even if Swedish law has made it clear that the municipalities have to identify both financial and activity based goals, and manage the organisation after these goals, the municipalities find it hard to identify these goals. An article published in Dagens Samhälle (editorial, 2006) discusses the problem with MbO in the public sector. The article focuses especially on activity based goals and says that goals within the public sector are many and way too fuzzy. A study made by Sveriges Kommunalekonomer (2006) also shows that all Swedish municipalities do not always follow the law. Ninety per cent of those studied uses financial goals, and seventy per cent uses activity based goals. The municipalities in the western region of Sweden are aware of the problems existing with Management by Objectives. They are working on improving the conditions but they do not know how to find a way to make Management by Objectives more efficient (Holmblad & Lingsell, 2007).

The culture activities are an important part of Swedish society. It can be seen as an instrument for the social economy. The municipalities can use culture as a competitive advantage in the competition between the municipalities. The supply of culture can attract enterprises to the region. Investments made in culture will be profitable, due to the fact that they will generate incomes in other areas. Culture can also be seen as a location factor for the municipalities (Lindeborg, 1991). Just like all other areas in the public sector, the culture sector has been



exposed to a lot of savings. Because of this, it has become more important to know that the resources earmarked for the culture sector are used in the right way and that the activities are striving in the right direction (Berg-Suurwee, 2005). But the definition and benefit of culture is diffuse and subjective. People benefit from culture in very varying ways. This indicates that that the possibilities of identifying goals and then measure these goals may be even more difficult in the culture sector.

### **1.3 Question at issue**

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To investigate if problems exist with Management by Objectives in the public sector we are going to study four culture administrations located in the western region of Sweden.

Our main question is:

*How is Management by Objectives applied in the four culture units and do problems exist with this way of steering?*

Since the studied units are a part of the municipalities and municipalities are controlled by politicians (Montin, 2004), we follow up our main question with the following question:

*Do the opinions of Management by Objectives differ between politicians and those working in the organisation?*

### **1.4 Purpose**

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The purpose with this thesis is to describe and analyse how Management by Objectives is applied in the culture administrations and if potential problems exist when using Management by Objectives. If problems exist, we also like to describe which those problems are.

### **1.5 Delimitations**

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A gap between the management accounting theory, described in textbooks, and management accounting in practice has been identified. The theoretical framework of management accounting has been seen as the optimal way of how the organisations should apply management accounting in practice. Therefore a gap would indicate something alarming for the organisation. But, researchers should not be too concerned about the gap. Instead of comparing practice with some ideal, one should focus on studying management accounting in practice (Scapens, 1994). Every organisation is unique and has different basic conditions. The organisations must be studied from their unique situation. Many of the theoretical models have its origins from neoclassical economics. Much has happened since and the organisations live in a changeable world. New theories will be developed, but it will take a lot of work and time for the organisations to get used to new habits, routines and ways of steering. That is why we will not focus on the gap that might arise between theory and practice. A gap can rather be seen as something natural. We will use the theories as a starting point for the study and look seriously on how management accounting is applied in practice.

Our purpose of the thesis is not to give suggestions how to make Management by Objectives more efficient in the four culture units, neither to find solutions if problems exist.



## 2 Methodology

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*In this chapter we will present how the work with the thesis has proceeded. Firstly, the methodological base will be treated, followed by a presentation of the chosen methods to collect data. We will also give grounds for the chosen methods. The chapter is brought to an end with a discussion of the credibility of the selected sources.*

### 2.1 Choice of subject area

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After reading a lot about New Public Management and the changing environment in the public sector we decided to, in some way, study how these changes have affected the public sector. We discussed the topic with our tutor and got information about the recent regulation according to which Swedish municipalities must apply Management by Objectives (MbO) in their activities. Further, we read working papers about how MbO is applied in Swedish municipalities. We found the editorial article in Dagens Samhälle (No. 23/2006) especially interesting, since it discussed the problems municipalities experience when establishing goals for their activities. We got an opinion of Management by Objectives in municipalities to be a current topic. Therefore, we decided to study whether the problems discussed with Management by Objectives exist in a specific part of the public sector. We chose to focus on the culture sector since this is an important part of the public sector, but not that well investigated.

### 2.2 Methodological base

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People live in different realities; at least we have different understanding of the common reality we all live in. Social phenomena are also interpreted in different ways by different people. This means that we cannot find a common description of what the world looks like (Jacobsen, 2002). With this as our starting point our purpose was not to find general “laws” and opinions, instead we wanted to investigate how individuals in society perceive reality.

We started with our own pre-understanding of the problems that might arise when a public organisation adopt a way of steering, created for profit-maximising organisations. The knowledge we have received during our education underlies this understanding. To get a deeper understanding and knowledge of MbO, and problems that may come with this steering tool, we studied relevant literature. We wanted to see how MbO is used in culture activities as a part of the public organisations, in contrast to how MbO is supposed to be used in line with relevant literature. Therefore, interviews were made to see what the experiences and feelings of the heads of operation have with regard to MbO. We also wanted to investigate the municipalities’ intention with the established goals. All of this research was made in order to find out what the respondents’ view of reality was. With this line of action, we wanted to get a deeper understanding of the problems that might occur when implementing something created for profit-maximising companies on public organisations.

An investigation can be classified as descriptive, explorative or explanatory. The chosen classification depends on the purpose of the thesis. A descriptive investigation means that the aim is to get a deeper insight of a phenomenon, whereas an explanatory investigation wants to explain why a phenomenon exists. The explanatory investigation will say something about cause and effect. But, there is no clear distinction between descriptive and explanatory. To be able to explain why something comes up, the phenomenon also has to be described.



Investigations can also be made of a phenomenon which we do not have much knowledge about. If so, we cannot start by setting up a clear hypothesis about the phenomenon. The investigation will be more explorative and the problem description is more of an open question. This means that the aim of an explorative investigation is to develop new, unknown knowledge (Jacobsen, 2002). Our thesis will both have a descriptive and explorative approach. We want to describe how they work with MbO, if problems exist and what the problems might be, not what the problems depend on. Studies have been made about how Swedish municipalities apply Management by Objectives and if Swedish municipalities follow the recently changed law. For an example of research report see Brorström & Petersson, 2006, or a student thesis see Holmblad & Lingsell 2007. When it comes to studies of MbO on specific areas of the public sector, more statutory areas like the Swedish healthcare are often represented. For an example of student theses Dolenc, Lindberg & Winquist, 2004; Norling, Nyblom & Richtnér, 2003, or a study made by the Association of Local Authorities and Regions; Eriksson & Palmgren, 1995. But Management by Objectives in the local culture sector is rather unexplored. This thesis will therefore be partly explorative.

The strategy of our study will be a combination of inductive and deductive. What characterizes deductive strategies is that they firstly study relevant literature and then go out to see what reality looks like. This means that the researcher already have expectations and a “picture” of reality (Jacobsen, 2002). Since we studied general theories for activities in municipalities before we performed our research, we went from theory to empirics. The general theories for municipalities can be applied on the culture administrations since they are a part of their municipality. But, as mentioned above there is not much written specifically about MbO in local culture activities and therefore our study is partly inductive. This means that we, in one aspect, will go from empirics to theory and not be that affected of already having a picture of the specific problems for the culture units.

### **2.3 Data collection**

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In the process of collecting data for a study, one has to make an adjustment between costs, quality and availability. These factors are often hard to combine when for example; focus on quality will lead to increased costs (Eriksson and Widersheim-Paul, 2001). We are aware of the fact that the choices we make will lead to consequences for our study.

Two main directions in the collection of primary data can be distinguished; quantitative and qualitative. A quantitative method often means that a questionnaire with ready made answers will be distributed to the respondents. The respondents can chose between the printed answers when answering the questionnaire. The qualitative method means that interviews with the respondents will be done. The respondents will then have the possibility to give more open answers and the interview can lead to more of a discussion. But it is important to notice that the two methods are not opposites. The chosen method can also be a combination of the two methods. A questionnaire can include more open questions with no ready made answers and the qualitative approach can be done with a list of topics to be discussed during the interview. The major differences between the methods are whether the researcher affect the answers or not and that a quantitative method present the results in numbers while a qualitative method will present the results with words. Since information in words is time consuming to manage, the qualitative method treats fewer units than the quantitative (Jacobsen, 2002).

We have chosen a qualitative approach. Further, this means that the study will be characterised as more open. As said earlier we want to go deeper and understand what people



think of reality, therefore the qualitative method will suit our study. The qualitative method can be connected to an intensive approach of the thesis. Focus on rather few respondents will increase the possibilities to get a complete picture of the phenomenon studied and discuss more variables that concern the phenomenon.

The chosen qualitative method also means that we can be more flexible and that the thesis writing will be interactive (Jacobsen, 2002). The different parts of the thesis will affect each other and there are no clear distinctions between them. We are aware of the problem with generalising results from a qualitative study, but that is not our purpose. The respondents will represent their place of work and their role as heads of the culture activities. This means that we can generalise the result to the municipality or district they work in.

We have been using both primary and secondary data when writing the thesis. Secondary data is information collected by someone else, often with another problem description and purpose as starting point. This means that the secondary data will not be suited exactly for the purpose of this thesis (Jacobsen, 2002). The primary data consist of information we have collected specifically for this thesis.

## **2.3.1 Primary Data – Interviews**

### ***2.3.1.1 Choice of organisations***

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When collecting our empirical material, we put great value in availability, as being one of the factors one should consider in addition to cost and quality (Eriksson and Widersheim-Paul, 2001). The four culture administrations in Angered, Frölunda, Kungälv and Stenungsund were first introduced to us in class by our subject teacher. He told us about an existing cooperative scheme between these four culture administrations. The fact that the culture administrations worked together was an advantage. It meant that they knew about each other and were capable to relate to each others respective organisation and activities. All of the heads of the culture administrations were extremely willing to meet with us. We had the possibility to get our hands on all the material that we wanted and never had to use the fact that information concerning the public sector is official as an argument to get information.

### ***2.3.1.2 Choice of respondents***

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Wishing for the respondents to possess enough knowledge to be able to answer our questions in a representative way, we chose to meet with the branch head for culture activities in every municipality or district. They were all involved in the process of MbO. All of them said yes without further discussion. To create an even better understanding of the public sector's goal-establishing process we additionally interviewed politicians. Since the culture administrations are a part of the municipality and they are controlled by the municipality it was important for us to also meet with the politicians. The politicians each represented a municipality or district committee<sup>1</sup> who hosted one of the chosen culture administrations. When searching for relevant respondents, we first asked the chairmen of the municipal executive board<sup>2</sup>, or its equivalent in the district committee. If they could not make it, or did not want to, we continued to ask members of the municipal executive board or district committee. In one case (Gunnared), no respondent that could represent the district committee in a fair way was found.

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<sup>1</sup> Translated from the Swedish word stadsdelsnämnd

<sup>2</sup> Translated from the Swedish word kommunstyrelse



Even though this is sad, it does not have a decisive influence on our study, since we have no intention of generalising. Every case is unique and can only represent itself. We did receive an e-mail from the chairman of the committee in Gunnared, Eshag Kia, which we – partly – could use.

The demand for the respondents to be up to date – in relation to the subject – can be considered to be fulfilled. We have talked to persons who still are active in their roles as politicians or with the municipalities' administration<sup>3</sup>. In our choice of respondents we have, as said earlier, concentrated on availability and division of labour. This means that we never took political views into consideration. It is a sheer coincidence that a majority of our responders represent a rather conservative political party (Moderaterna). We do not put any value in possible politically biased standpoints of the respondents.

While meeting with people who are so called primary sources, we avoid biased information in the sense of it having passed through too many persons which is an advantage. But the fact that our respondents are still active may affect their answers. Sometimes reasons might exist for people not to leave information that can affect them in a negative way. Therefore we need to be careful and look out for the possibility that information they leave might be biased. We only made interviews with one respondent from each culture administration. They were all in leading positions. Additionally we made interviews with one respondent from each municipality, except from Gunnared. If we would have interviewed other employees in the same organisations, they might have had another view. This might be a lack in our thesis, since we assume that the respondents' opinions are representative for their place of work. Unfortunately this is a lack that we cannot do very much about, other than to be aware of it when writing our analysis.

### **2.3.1.3 Interviews**

The interviews we have made are presented in the table below. The table will give information of which we have met, where they work and what their role is. Further, it will give information about what kind of contact we have had with the respondent.

<b>Name</b>	<b>Location</b>	<b>Position</b>	<b>Contact</b>	<b>Time &amp; Date</b>
Marianne Andersson	Angered	Branch head of culture activities in Angered. Head of Blå Stället	Interview and e-mail	2007-05-09 1,5 h
Eshag Kia	Angered	Chairman of the Committee in Gunnared	e-mail	
Ulla Forsén	Frölunda	Branch head of culture activities in Frölunda. Head of Frölunda Kulturhus	Interview and e-mail	2007-05-10 1 h 2007-04-17 2 h
Sören Björkman	Frölunda	Chairman of the Committee in Frölunda	Interview and e-mail	2007-05-03 1,5 h
Ulla Linton	Kungälv	Branch head of culture activities in Kungälv	Interview and e-mail	2007-05-02 1,5 h
Maria Abrahamson	Kungälv	Chairman of the committee responsible	Interview and e-mail	2007-05-08 1,5 h

<sup>3</sup> Translated from the Swedish word förvaltning



		for culture activities		
Margareta Östman	Stenungsund	Branch head of culture activities in Stenungsund Head of Fregatten	Interview and e-mail	2007-05-11 1,5 h 2007-04-25 2 h
Ove Andersson	Stenungsund	Chairman of the executive board	Interview and e-mail	2007-05-11 1,5 h

Table 1: The interviews

The seven interviews were not made in any specific order, other than who was first available of the respondents. When we made our interviews, we had no time restriction since our aim was to get as useful information as possible.

Interviews with our respondents have been carried out face to face at their office, except in one case where we met at the Gothenburg public library. Despite the fact that face to face interviews are time consuming, we put great value in the personal meetings. Personal meetings will make it easier to talk about topics that might be sensitive for the respondents. The interviewer and the respondent will build up a faith and a more personal contact compared with a telephone interview. The information that we got from the respondents might not always be pure facts, but facts with a touch of fine, personal values which might be hard for us to discover. Our intention was not only to talk to the respondents, but to observe them, get a feeling of the atmosphere and get the opportunity to read between the lines, if necessary. We believe the fact that these individuals felt *seen*, as representatives of their organisations, contributed a great deal to their willingness to respond our questions. It also gave us the possibility to put more open questions and dig deeper when the respondent touched an interesting topic, or a topic that we wanted to develop.

A template of questions was prepared with the intention to be used as a starting point and as support to the interview. The templates varied somewhat between the respondents representing the culture administrations and the respondents that were politicians. For templates of questions, see appendices A-B. One of our intentions with the use of templates as a base for the interviews was to avoid certain information to be highlighted while other was left out. When interviewing, we have tried to achieve a good balance between the questions in the template. We did not want the questions to be either too poor – yes or no-questions – or too extensive. Neither did we want them to be leading.

The culture administrations resemble in many ways and they mostly supply similar activities. However, they are in varying stages of the MbO-process. The interviews sometimes became somewhat of a mixture between interview and conversation, which was much appreciated by us. It gave us the possibility to listen better and the respondents a chance to add recent and unexpected information.

We met with two of the heads of the culture administrations twice; Frölunda Kulturhus in Frölunda and Kulturhuset Fregatten in Stenungsund. The reason to meet with them twice was that we wanted to get an idea of their organisation when we started writing the thesis. We wanted to present the subject so they could be well prepared for the more formal interview the second time we met and maybe be more observant to things happening in the organisation in accordance to MbO. We also wanted to build up a good relationship with the respondents. Our ambition was to meet twice with all of them. Unfortunately the limited time frame did not allow that. The reason for the extra meetings with these two specific heads of the culture



administrations was only because they were most eager in replying e-mails. That made it – in terms of time – possible to meet twice with them.

All respondents agreed to let us record the interviews. After the interviews we transcribed the tapes and sent the text to the respondents to give them the opportunity to verify their answers. If there were some misunderstandings, this was our way to correct them. We also posed complementary questions via e-mail to clarify the interview-material. None of the respondents demanded to be anonymous, which is mainly good. However it might affect their responses, they might not be as honest as they could. The respondents might fear that what they say will be presented as their personal views. We have therefore stressed the fact that we are only interested in their views as representatives of their place of work. The non-anonymity in a face-to-face interview might also have the effect that the interviewer and the respondent have too much influence on each other. What we did about this was to be careful not to affect the respondent with our appearance or in the way we asked our questions. However, we can not do anything about the respondents' possible prejudices and expectations since we represent the School of Business, Economics and Law at Göteborg University.

### 2.3.2 Secondary Data

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The secondary data is collected from books, articles and reports related to the subject. The information about MbO in Swedish municipalities derives mostly from reports published by the Swedish Association of Local Authorities and Regions (SALAR). SALAR is a special interest organisation for the employers of the Swedish municipalities and county councils. One report used in the thesis is published by the organisation of economists working in Swedish municipalities<sup>4</sup>. A problem might be that these reports are biased to the organisations' advantage. But we believe that the organisations are professional and that they will not try to bias their reports. To get information about the culture sector we have read dissertations investigating the culture sector, but not focusing on MbO. These dissertations discussed steering and problems with steering in the culture sector to a limited extent. We have studied general theories about MbO to be able to describe the way of steering. This information derives from articles and books. We have also studied books containing theories criticising MbO in the public sector and the problem that might come with MbO. Our expectation was that these theories would be useful when investigating if the problems exist in practice.

The references used in the thesis have been published in 1987-2007. Certain data may seem out of date. But some of the sources are the latest written in their area. The oldest sources contain criticism of management accounting and describe why and how a developed form of MbO was necessary. This is still relevant for our study. Much of the theories criticising MbO in public sector derives from books written in the beginning of 1990's. Even if the public sector has been influenced by the private sector and changes have taken place (Montin, 2004), many of the conditions that Rombach discusses does still remain. For example, the editorial article in *Dagens Samhälle* (No.23/2006) discusses the problems with many, fuzzy and divergent goals which is the same problems that Rombach discusses in the beginning of the 1990's. Rombach. Further, the sources are in some cases supported by current information. We have tried to focus on well known writers in the subject field. Some of them are not that well known, but we have seen that they have been referred to in similar studies made in the management accounting area. When a source refers to another source we have tried to find the

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<sup>4</sup> Translated from the Swedish name Föreningen Sveriges Kommunalekonomer



original source. In some cases, this was not possible and that will affect the reliability of the source in a negative way. We used the database GUNDA at the Göteborg University Library in order to find relevant literature. We have also used databases like Business Source Premier and JSTOR to be able to find relevant articles. Both databases contain scientific articles. We were critical to the articles and their validity. When using the databases to find relevant information we searched for words such as *NPM*, *Management by Objectives*, *public sector*, *municipalities*, *culture sector*, *culture centres*, *culture administrations*. These words have also been used in combination.

## **2.4 Credibility**

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An important requirement for a scientific investigation is that the results and the study must be trustworthy. The credibility of a study will be supported if the text is written in a logical and systematically way. Facts and investigations made in the same subject area, showing similar results, are also a way of increasing the credibility. Two terms often used when credibility is discussed are validity and reliability. These are seen as indications of the investigations credibility (Eriksson & Widersheim-Paul, 2001, Jacobsen, 2002).

### **2.4.1 Validity**

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Validity can be defined as a measuring instruments possibility of measuring what should be measured. If a study measures what it intend to investigate, the study has high validity. (Eriksson & Widersheim-Paul, 2001, Jacobsen, 2002) The chosen way to collect data has a strong impact on the validity, and it is therefore important that the chosen method is appropriate with respect to the problem (Jacobsen, 2002). The way we chose to measure a phenomenon must give us the possibility to answer the question at issue. A distinction is made between internal and external validity. Internal validity concentrates on the connection between theoretical concepts and the empirical measurable definition of the concepts (Eriksson & Widersheim-Paul, 2001). This means that what one chose to measure must be clearly defined. Our intention was to study MbO and whether problems exist with MbO in the organisations of the four culture administrations, as a part of the public sector. Therefore, we first made a theoretical definition of MbO and described the required conditions for successful MbO. Our measurement instrument was the templates of questions, and our starting point when we made the templates was the definitions described in the theoretical framework of MbO. The chosen approach was a way for us to increase the internal validity.

External validity focus on whether the results of the study comport with reality (Eriksson & Widersheim-Paul, 2001). The chosen respondents will be of importance for the external validity. We considered it to be appropriate to make individual interviews with a spokesperson of each culture administration. We chose to interview people in leading positions because steering is primarily a question for the managers of an organisation. Since the managers in the culture administrations are controlled by politicians, and the politicians are mainly responsible for the goal-setting process, we chose to interview the politicians as well. We believe that these are the right respondents for the thesis, to be able to investigate what was desired. We were afraid that the respondents would not have adequate knowledge about management accounting, but this was not the case. All of the units studied were well informed and a few of them had recently participated in courses in MbO.



### 2.4.3 Reliability

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Reliability concerns the stability and the trustworthiness of an investigation. A study has high reliability if other researchers would reach the same conclusions if they made a similar study, but with another sample and another point of time. Further, this means that an investigation should not be affected by the researchers and the respondents. An investigation should always pursue to be objective. The objectivity focus on trustworthy conclusions, neutrality in the analysis process and a balance between own perspectives and others (Eriksson and Widersheim-Paul, 2001). But objectivity can be a problem with qualitative methods. For example, the researchers will always affect the respondents during a face to face interview (Jacobsen, 2002). As said earlier, we tried to decrease this risk as far as possible, by having this in mind when we made the interviews. The starting point we have described in the beginning of this chapter also means that the study will be affected by the choice of respondents. Therefore one must bear in mind that research can never be completely neutral. As writers we have chosen to tell our story. However, we have put much focus on neutrality and objectivity.

A way for us to increase the reliability of the thesis was to be careful when we transcribed and analysed the data collected. This was also a way for us to increase the neutrality and not affect the analysis with our own opinions. The fact that we recorded all the interviews meant that we could focus on the questions and the conversation with the respondent. We did not have to worry about losing information if we did not write it down. Another way for us to increase the reliability was the use of triangulation. A way of triangulation is to have more than one researcher taking part in the interviews (Jacobsen, 2002). This will reduce misunderstandings. We both took part in all interviews and each took notes. After the interviews we compared our notes to make sure that we interpreted the respondents' answers in the same way.

We believe that the respondents are honest and take the time needed for the interviews so our data will be reliable and useful for the investigation. This means that they do not see the interviews as something to get over with, but instead give well thought through answers. Their willingness to participate and their enthusiasm and interest for their work indicate that this is the case.



## 3 Theoretical Framework

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*This chapter describes the theoretical framework that will be used when analysing the empirical findings. The chapter begins with a definition of culture. Then, Management by Objectives will be discussed. Further on, Management by Objectives within the public sector and in the culture sector will be presented.*

### 3.1 Choice of theories

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The theories have been chosen in accordance to the purpose of this thesis. Since we are going to study units that supplies culture services we will try to describe what is meant by culture. Further on, we want to study if there are problems for culture units to apply Management by Objectives. To be able to do that, we must have theoretical knowledge of what is meant by Management by Objectives, what is included in the process and conditions for successful Management by Objectives. As said in the problem description, Management by Objectives in the public sector has been criticized because all conditions needed for successful Management by Objectives does not exist in the public sector. These theories will be our starting point when we investigate if these problems exist in the culture units. That is why we have chosen to include these specific theories in our theoretical framework.

Culture units are one part of the municipalities. That is why we describe how the municipalities are organised and which goals the municipalities are supposed to follow. The way they are organised will affect the process of Management by Objectives. The municipalities' goals will also be of importance for the culture administrations. We then describe how the culture activities in the municipalities are organised and earlier studies that treat Management by Objectives and steering in the culture sector. However, this area of research is very limited.

### 3.2 Structure and responsibility in Swedish municipalities

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The municipal organisation is a political organisation (Montin, 2004). The municipal law states that every municipality must have a municipal council<sup>5</sup> that consists of politicians. The municipal council is the main decision making part within the municipality. The municipal council must appoint a municipal executive board. Further on, the municipal council must appoint the committees<sup>6</sup> needed to be able to fulfil the services that should be supplied by the municipality. Every committee has a specified responsibility area. The municipal council is responsible for establishing overall goals and guidelines for the municipal activities. Furthermore, the municipal council decide in errands important for the municipality. The activity based goals and financial goals for the municipality will be established by the municipal executive board. The municipal executive board can also delegate responsibility to committees. The committees are responsible for following the overall goals and guidelines set by the municipal council when they steer and make plans within their area of responsibility (Kommunallagen, 1991:900). The committees main task is to clarify what should be carried out by the civil servants (Hushållning i lagens namn, 2005). The municipality also consists of administrations, organised under the committees. Their main task is the practical work to

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<sup>5</sup> Translated from the Swedish word kommunfullmäktige

<sup>6</sup> Translated from the Swedish word nämnd



achieve the goals. The administrations will report to the committees who are responsible for the goal fulfilment in the administrations that they are responsible for (Hushållning i lagens namn, 2005). Further, the committees report their performances to the municipal council (Kommunallagen 1991:900).

### **3.3 Definition of culture**

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Culture is supposed to encourage citizens' creativity and possibility of learning. Further on, it is supposed to satisfy people's intangible needs (Lindeborg, 1991). Dimitrios Iordanoglou writes about culture, in his report "*Ursprungsglöd och värmedöd*", as a phenomenon that will not let itself be defined. Since the meaning of the concept contains this broadness, it is often talked about as either one of its two main directions; the aesthetical and the anthropological. The aesthetical focus is put on the art forms and the creation and performance of expressions while the anthropological focus is more about our behaviour, patterns and habits as a group of people living together. Culture politics should be the bridge that connects aesthetical and anthropological culture. Culture politics must never stop at just one definition of culture (Iordanoglou, 2005).

It is challenging to define culture as a concept. The definitions of the term are subjective and the meaning that is put into it differs among its users. It is even more demanding, not to say impossible, to find one definition which encompasses all that can be put into this one word. This thesis will focus on culture, not primarily as it can be defined but on culture as the supply offered by municipalities and culture organisations.

The governmental opinion of culture is summarized in the proposition *Kulturpolitik* (1996/97:3). After stating the fact that culture has many different meanings, they establish in what way they use culture as a term. Culture in the interpretation of the government means the art forms, the media, the will to learn and the cultural heritage. For culture to be successful as a political concept, it needs to include communication as well as material expression and the creative process. However the culture responsibility of the public sector is considered to be narrower than the definition of culture (Iordanoglou, 2005). Municipalities can choose for themselves what they want to include, or need to supply within culture (www.skl.se 2007-04-23). However the concept may not be used to value or standardize (proposition 1996/97:3 in Iordanoglou, 2005). They are still responsible for the local culture politics, but except from what is statutory the activities are voluntary (www.skl.se 2007-04-23)

### **3.4 Management by Objectives**

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Management by Objectives is a form of management system that was introduced in the 1950's. The idea of MbO is to get everyone in the organisation to strive in the same direction (Dinesh & Palmer, 1998), and to make sure all the employees' skills and competencies are utilized (Svensson, 1997). It is a way of making the organisations vision into something tangible. This will improve the organisations overall performances. MbO derives from a theory which describes the human being as willing to work opposed by traditional managerial theories which say that humans, by nature, want to avoid working. By implementing and clarifying the vision into established goals, the employees will perform well by self control. MbO represents a shift in the managerial way of thinking. When MbO was introduced, centralization and control had for a long time been the generally accepted way of managing an organisation. MbO presented a combination of the rational goal model, focusing on goal setting and measurement, and the human relation model where collaboration and employee



involvement are important parts (Dinesh & Palmer, 1998). MbO implies focus on comprehensive goals instead of steering by detail, which means decentralisation and possibility for the employees to develop action plans of how to achieve established goals (Brolin 1992, Svensson, 1997). Svensson (1997) illustrates the MbO process by the following model:

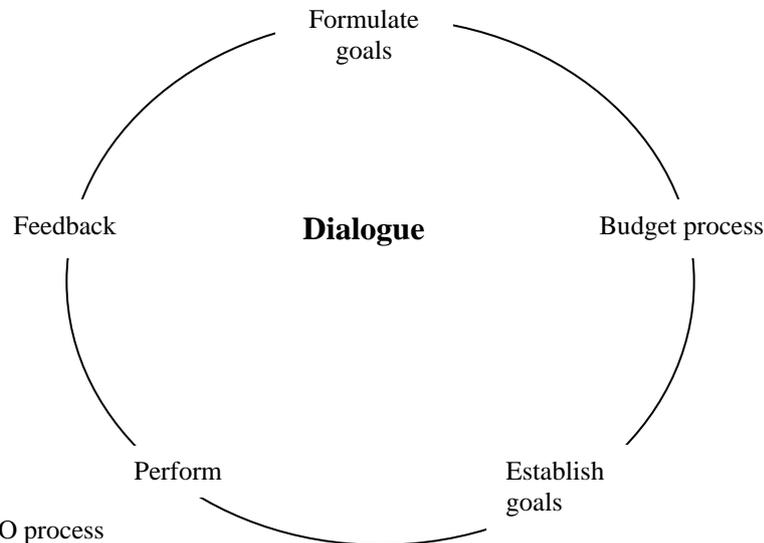


Figure 1: The MbO process  
Source: Svensson (1997)  
(Translated from Swedish)

According to MbO, organisations must identify a set of key success factors which they want to measure. The key success factors will be basic data for establishing goals. These goals will be affected by the budget limitations. Responsible managers will be committed to the goals. The commitment will be evaluated frequently and eventually new goals will be developed (Svensson, 1997). MbO has been described as a way of controlling the organisation without controlling in its original meaning (Samuelson, 2004).

The way organisations were managed became much criticized in the 1980s. Johnson and Kaplan (1987) made a major statement for the need of new methods of management accounting in the book *Relevance Lost*. Johnson and Kaplan (1987) meant that the existing performance measurement systems relied too much on financial goals. Organisations focused on maximising short term profit and were too centralised. The management accounting models had not developed since 1920, and were therefore not suited for the changing environment in the private sector (Johnson & Kaplan, 1987). To overcome the problem with a too narrow focus on financial goals Kaplan and Norton introduced the Balanced Scorecard. Balanced Scorecard (BSC) focuses on a long term perspective to achieve the vision of the organisation. This means that a wider perspective, with complementary non-financial measures, will be implemented in the organisation. The model includes four different perspectives of measurement; financial, customer satisfaction, learning/innovation and internal processes. Financial measurement emphasises past performance whereas the other three perspectives indicate future performances (Kaplan & Norton, 1996). BSC means that a wide range of measures will be applied in the organisation and the main part are non-financial measures. The number of measures should not be more than fifteen to twenty. The idea of BSC is that organisations should strive towards achieving a balance between the different perspectives of measures presented. If the organisation only focuses on financial measures and maximising short term profit, long term development of the organisation will be sub optimized. A Balanced Scorecard includes strategic goals, critical success factors (sub goals)



for the overall goals and performance measures for measuring the goals (Samuelson, 2004). MbO and BSC are essentially similar, since the models are both based on the rational goal model and focuses on collaboration and participation within the organisation. BSC is a advanced model of MbO conformed for the increased complexity in business environment (Dinesh & Palmer, 1998).

### **3.4.1 Conditions for successful Management by Objectives**

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A few conditions have to be fulfilled in order to attain successful Management by Objectives. These circumstances are treated in Rombach's (1991) study of literature treating Management by Objectives. Rombach (1991) discusses the importance of formulating the goals as understandable and specific as possible and claims that goals have to be measurable. Goals also have to be realistic and define something that is actually of importance for the organisation (Svensson, 1997). If these conditions are fulfilled, the performances will be affected in a positive direction. Specifically, understandable and measurable goals have often been discussed as the most important conditions for successful Management by Objectives (Rombach, 1991). Goals have to suit the organisation as a whole, as well as its different activities (Svensson, 1997). The factors presented above mean that the process of formulating the goals must be taken very seriously (Pihlgren & Svensson, 1989).

We have earlier presented participation as an important part of MbO. Letting the employees participate in the goal setting process and influence the goals will encourage them to perform well (Dinesh & Palmer, 1998), as will the employees' possibility to choose how to reach the set goals (Svensson, 1997). Employee participation has also lead to development of a steering model called Collaborative Management by Objectives (CMbO), which often has been seen as a better alternative than original MbO. This is because CMbO eliminates problems coming up with common MbO. CMbO focuses on letting the employees work in organised groups to cooperate (Rombach, 1991).

Not only does it matter what the organisation does to simplify working with MbO, the atmosphere within the organisation is also of importance. An organisation where the employee has influence as an individual, where possibilities of continuous personal development are central and where employees are engaged in the development of the organisation as well as their own development, often has the opportunity to reach even further than organisations where these conditions are not fulfilled (Svensson, 1997).

One key part of MbO is follow up and feedback (Svensson, 1997). The results must be brought back to the employees and managers should try to make the feedback as positive as possible. Feedback and follow up should be done frequently and not just be something that is discussed only in the end of the year (Rombach, 1991). A culture of communication and dialogue through the whole hierarchy improves the possibilities of achieving an MbO model suited for the specific organisation (Svensson, 1997). The discussion and communication should, except from goal achievement, include opinions about the steering model. The employees must be given the possibility of expressing their opinions; otherwise MbO will lead to unmotivated employees not striving towards reaching the goals (Rombach, 1991).

The measures used for MbO are often tied to rewards, as a motivation tool. To reward working behaviour in the right direction towards the established goals supports the factors mentioned above in achieving successful MbO. Especially individual rewards tend to lead to the right behaviour, whereas problems with collective rewards often have the effect that the



common behaviour becomes too mainstream (Rombach, 1991). Collective rewards might result in the individual employee not being able to identify what one has contributed to the group. Collective rewards may also lead to free-rider behaviour. Individual rewards are seen as objective and fair (Samuelson, 2004).

MbO is easy to understand in theory, but difficulties often occur in organisations' attempts to implement it as a steering tool. They often fail in their way of using MbO. One explanation to this may be the increasing costs that come with every new routine or administrative technique. With MbO being considered to be even more time-consuming than ordinary techniques, these costs will be higher than necessary. Another explanation is that managers will not accept MbO as a way of steering their own work effort. Though, successful MbO demands that MbO is accepted and permeated in the whole organisation. This means that the whole organisation, on all the levels of the hierarchy must be involved in establishing the goals as well as be controlled by them (Rombach, 1991), in order for the goals to truly affect the behaviour of an employee (Svensson, 1997).

### **3.4.2 Problems with Management by Objectives in the public sector**

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Management by Objectives was mainly implemented in the public sector during the 1990's. MbO was supposed to solve the problems with politicians controlling the administration by detail. MbO was also supposed to help the public sector to focus on quality, efficiency and productivity (Kolam, 2007). However, MbO used as a steering tool in the public sector has been much criticized. Many reasons have been brought up to why MbO is not suited for the public sector. Rombach (1991) says that the conditions for successful MbO, discussed above, do not exist in the public sector. His arguments are based on his study of literature and two studies made on the county council of Stockholm. The two main arguments are that studies have not convinced that this way of steering the public sector has the positive effects desired and that it does not fit a political organisation. The public sector should always focus on politics and democracy, something that MbO prevents. The public sector is run by politicians, elected by the citizens. The politicians have been elected for their political standpoints. The political standpoints are quite different between politicians, which mean that the management of political organisations sometimes disagree. But to be able to establish goals they have to reach an agreement, and therefore sometimes give up their political standpoints (Rombach, 1991).

Organisations in the private sector focus on maximising their profit. This kind of overall goal does not exist in the public sector. Because of the widespread services in the public sector it is difficult to establish an overall goal and therefore, problematical to divide its goals into sub goals. As a consequence of this, it is difficult to handle the goals when planning the actions of the organisation (Rombach, 1991). The overall goals are often understood and interpreted in different ways by the employees. This makes it even more difficult to make a goal hierarchy in the public sector (Pihlgren & Svensson 1989).

The goals identified in the public sector are in general fuzzy, divergent and hard to define (Rombach, 1991). If the goals are too general, the steering effects fail to come. On the other hand, if they are too specified the local authorities will be limited in their daily work (Brorström et al, 2005). Many services supplied also means many different goals. The fact that they are many and divergent makes it hard to combine the different goals. Goals can even end up competing with each other. When organisations apply MbO these problems become visible. This might bring some positive effects because it forces the public sector to decrease



their supply of services. This means that the public sector must focus on the most important services and prioritize. But one should notice, giving priority to certain goals often means that the organisation will concentrate on the measurable goals even if these goals are not the most important (Rombach, 1991). By concentration on certain goals, other goals will be marginalised (Micheli & Kennerley, 2005).

Even if the organisation has identified the most important goals for the specific organisation and chosen to measure them, problems remain. To be able to measure the chosen goals in a correct way, the instruments with which the goals are measured need to be precise. There must be a correlation between the goal and the way it is measured. However that is not always the case, especially in the public sector which is known for having problems with measuring performance (Rombach, 1991). Studies have shown that a common disinterest for measuring goal fulfilment exist in the public sector (Rombach 1991). Still, the goals need to be measured, and it is often done in a more approximate way. With the fuzziness of goals comes fuzzy measuring. Several different goals existing in the public sector also mean several ways of measuring goal fulfilment. The consequence will be that the employees will be confused when goals are measured in many ways and further on, that makes it hard to compare the different measures (Rombach, 1991).

Another problem with performance measurement can be that it is hard to see what should be evaluated, and to therefore evaluate the effort because it is easier than to measure the actual result. This tendency especially appears in the public sector (Rombach, 1991). Rombach (1991) also says that the outspoken, internal goals are often not the same as the written, official ones. This risk especially tends to occur in the public sector as a consequence of the forced openness. Public Sector is always exposed to perusal.

Output and effects of a special service supplied are generally good indicators of goal fulfilment. But the complexity of specifying output of the services offered in public sector makes it hard to use output as a leading indicator (Brorström, 1991). Further, a framework measuring performance specially adapted to the public sector would mean that all the different stakeholders for public services must be identified. This is an impossible work to handle (Micheli & Kennerley, 2005).

As said earlier, rewards are often useful tools to motivate and stimulate the employees to perform in a desirable way, especially individual rewards. However, in the public sector individual rewards have, generally, not been accepted and have a negative connotation. They are often understood as unfair. Besides that, Rombach indicates that employees in the public sector do not often appreciate rewards as much as employees within the private sector (Rombach, 1991). Even if public organisations are often being cautious with rewards it is just as important, for them as employees, to be rewarded when they perform well (Pihlgren & Svensson 1989).

Employee participation in the process of formulating goals can also be a problem in the public sector (Rombach, 1991). Research shows, that while leading elected representatives are pleased with the implementation of MbO, it is often more difficult to convince the employees of the municipalities (Brolin, 1992). The public sector has been known to be extremely centralized, which is not possible to combine with successful MbO. A too decentralized public organisation might led to employees having the possibility to affect the organisation in two ways; both as employees and as citizens. This would bring with it the danger of leaving the democratic principles on which the public sector is built. It would also mean that power



will be transferred from politicians to employees. This is often the case in reality. The employees in the local administrations are often the ones to formulate the political goals because the politicians are dependent on the employees' skills (Rombach, 1991).

MbO demands a long term perspective. Room for personal development has to be given to the employees in trying to achieve established goals. The short cycles that exist in the public sector prevent this. As said earlier, the public sector is controlled by politicians and elections take place every fourth year. This indicates a short time perspective (Rombach, 1991).

A dilemma that may arise when implementing management accounting models from private sector into public sector is the increased focus on financial goals (Olsson et al, 1998). Rombach's (1991) empirical studies on the county council in Stockholm show that the budget is often the superior, if not the only, way of steering. In comparison with the public sector, a corporation wants to generate as high profit as possible to please their shareholders. But high incomes in the public sector only indicate that the costs have been lower than revenues. A focus on financial questions will decrease the focus on democracy, equity and welfare which should be the main leading indicators in public sector (Olsson et al, 1998).

### ***3.5 Objectives and control in Swedish municipalities***

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Municipalities are created to pursue services to citizens based on political decisions (Hushållning i lagens namn, 2005). Compared to the private sector, focus is not on maximising returns to the stakeholders (Micheli & Kennerley, 2005). The overall goal for the Swedish municipalities has been formulated as "be economical with the recourses". The meaning of this is that revenues should cover one's expenses and activities to be run suitable to the purpose (Brorström & Petersson, 2006).

Municipalities are mainly controlled by law (Kommunallagen, 1991:900). The law aims to be a skeleton law; its purpose is not to control the municipalities in detail. This means that municipalities are free to adapt the organisations and services to local conditions. In 2004, the Swedish municipality law was reformed and restrictions on how the budget should be presented increased. The changing restrictions were first applied in 2006. The new law require established goals, in both financial perspectives and goals for the different activities supplied by the municipality. The added comment in the law also says that the established goals must be evaluated to examine whether the goals have been fulfilled. The idea of establishing goals is to promote cost-effectiveness and to make it clear for the citizens which activities that are supplied by the government (Hushållning i lagens namn, 2005). Further on, the municipalities must have a long term perspective and for example be aware of the increased costs coming with the increasing part of the elderly population in Sweden. This is another reason for establishing goals for the municipalities (Brorström & Petersson, 2006). With respect to the financial goals, the municipalities are free to choose on which goals to focus and how these goals will be formulated. But there are some restrictions, especially how much the different activities within the municipality are allowed to cost. The financial goals will steer which activities the municipality can afford to supply. It is important that the goals can be understood by everyone within the organisation, not just business economists. The established financial goals should further be compared with financial performances, and presented in directors' annuals, interim reports and budget follow-ups. If the results diverge from the goals, one must analyse what it depends on and which efforts that will be taken to reach the goals. When it comes to the activity based goals, the municipalities are free to decide which goals to identify and focus on for their activities. But, the law points out that



these goals must be clear and measurable. The goals identified for the activities aim to support the municipalities in their way of allocating resources to be used in the right way (Hushållning i lagens namn, 2005).

### **3.5.1 Efficiency, effectiveness and quality**

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New Public Management, which was first presented during the eighties, meant increased focus on quality, effectiveness and efficiency (Kolam, 2007). Efficiency and effectiveness then became important concepts for the municipalities to focus on. Their commission is to run the activities as efficient as possible (Brorström et al, 2005). Both of the two concepts are used for judging performance but there is an important distinction between them. Efficiency is the ratio of activities inputs to its outputs (Anthony & Young, 2003). Efficiency is based on value. The value does not need to be monetary; it can also be the benefit of a service as a form of output. Although benefit is mostly difficult to find out in the public sector, only costs can be calculated exactly (Pihlgren & Svensson 1989). If the input and output is presented in volume instead, the term is productivity (Ax, Johansson, Kullvén, 2001). If less input is needed to perform same output as last year, the activity has become more efficient (Anthony & Young, 2003). Measuring efficiency will be done in a more quantitative way (Brorström et al, 2005). Effectiveness, on the other hand, indicates the relationship between the output that the activity generates and its objectives. The more an output contributes to an objective, the more effective is the activity (Anthony & Young, 2003). Effectiveness can be described as “doing the right thing” whereas efficiency is to “do the thing in a right way” (Brorström et al. 2005).

Management by Objectives is a way to increase the efficiency and effectiveness. MbO demands that the “customer” is identified. The customer perspective will be the starting point when goals are formulated. To have a customer perspective is a way to increase effectiveness. The steering tool also demands that goals will be broken down and by doing this the goals will be clearer. The efficiency will increase by the rewards that are linked to goal fulfilment. The employees will also be motivated by their superiors, who need to have a genuine interest for the activity, to strive towards the goals (Pihlgren & Svensson 1989).

The challenge for the municipalities is to be both efficient and effective and at the same time be able to retain a high quality of services supplied (Brorström et al. 2005). Service will keep high quality if it agrees with the expectations and needs of the stakeholders (Modell för utveckling av kvalitetsindikatorer, 2005). This means that there is a connection between the concepts effectiveness and quality. By measuring quality one will find out if the stakeholders are pleased with the services and thus if the municipality is effective in its output (Brorström et al. 2005). Although, quality is not easy to measure and when it is done it can be done from two different perspectives, subjective and objective. The objective way of measuring quality is in quantitative measures, for example how much the service is utilized or maximal time in queue. Subjective measures are defined as how the customer experienced the quality of the service. This varies from customer to customer (Pihlgren & Svensson 1989).

### **3.5.3 Objectives and control in the culture sector**

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The responsibility for culture activities is in most cases decentralised to communities, but how it is organised differs among the Swedish municipalities. Committees only responsible for culture have become more unusual. This only occurs in the largest Swedish municipalities. Culture is often combined with leisure and organised under the same committee. In small



municipalities, culture may often be organised directly under the municipal executive board. During the years there have been a lot of reorganisations in the Swedish municipalities and the number of committees has decreased. Culture is one of the areas within the municipalities that have been exposed to savings (Svenska kommunförbundet, 2003).

Another way to organise public culture activities are as revenue centres. This means that the culture activities are an independent part of the municipalities. They are responsible for the economical grants they have been allotted (Svenska kommunförbundet, 2003). If the incomes have decreased or expenditures increased, the manager must have an explanation to why this has happened. They are also responsible for decreasing costs or increasing incomes in the same direction. If financial surplus occur, the revenue centres are allowed to keep it. In the same way they are responsible for financial deficit to next year's budget (Brorström et al, 2005).

In 1996, the parliament established national goals for the culture politics. These goals are supposed to work as guidelines and to be followed as overall goals for culture activities supplied on a local level. The goals focus on making culture available for everyone and promote cultural multitude (Iordanoglou, 2005). A study made by Dimitrios Iordanoglou (2005) shows that many municipalities run culture activities independently from the national goals. The national goals are seen as too general, abstract and out of date. A few of those civil servants interviewed by Iordanoglou did not even recognize the national goals (Iordanoglou, 2005).

Since the public culture activities are a part of the municipality they have to follow the overall financial and activity based goals established by the municipality. The overall goals are often broken down into specific goals, adjusted to the committees and are mainly financial and quantitative (Brorström & Petersson, 2006). Studies have shown that fuzzy goals in the culture sector and limited knowledge of how to identify effects of services supplied has lead to focus in the culture sector on how much is produced, for example opening hours or number of visitors. This means that the statistics will not say anything of the important focus on the quality of the services supplied. Efforts have not been made in this area to find a way to measure quality. Further, an objective way of measuring quality does not exist, especially when it comes to soft values like creativity and experiences. The soft values also make it difficult to measure effectiveness in the culture sector. Instruments and methods to do this are also missing (Berg-Suurwee, 2005). It is a problem to not be able to measure quality and effectiveness in a good way. In the for-profit sector this is solved by the market mechanism. The lack of market mechanism makes it more important for non-profit organisations to find a good way of measuring these factors (Anthony & Young, 2003).



## 4 Empirical Findings

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*This chapter will include our empirical findings. Each municipality or district will be presented separately in sections. Each section begins with a subsection which present the units studied, followed by a presentation of what the MbO process looks like. Then the respondents' opinion of the MbO process will be presented. The sections will be brought to an end with the politicians' opinion.*

### 4.1 Kungälv

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Mimers Hus supplies and organises a major part of the culture activities supplied in the municipality of Kungälv. The culture centre offers exhibitions in varying shapes, theatrical performances, music schools, a library and lectures to the citizens of Kungälv. The administration of the culture activities in Kungälv is located to Mimers Hus. This includes the culture secretaries. The expenditures of the culture administration are approximately 26 million SEK (Årsredovisning 2006). The culture sector in the municipality of Kungälv employs approximately 60 people.

#### 4.1.1 The MbO process

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The municipal council in Kungälv identifies the municipality's long term, overall goals. Further, the municipal executive board's mission is to break down the overall goals to short term goals. The municipal executive board consists of three delegations which each has different responsibility areas for the services supplied by the municipality.

The municipality of Kungälv has recently made a reorganisation of the political organisation. They have also decided to develop MbO as a steering tool for their different activities, and they are right now in the middle of this process. This means that no clear goals are decided for culture activities at this point of time. The municipality has decided to apply the Balanced Scorecard as a way of steering with goals. They have focused on five different perspectives; citizen, process, financial, development/learning and employee. The model will include strategic objectives, critical success factors, measures connected to each objective and an action plan of how to reach the goals. The political delegation responsible for culture activities in the municipality has, so far, made a blueprint of the scorecard. The blueprint only contains strategic objectives. The objectives for process, financial, development/learning and employees will be the same for all the different activities that this political delegation is responsible for. This means that they all should strive towards balance in financial terms which is the financial goal. In the development/learning perspective the goal is to be a learning organisation and to have room for capacitation. In accordance to the process perspective the different activities should have a perspective from the citizens' point of view. When it comes to the citizen perspective goals specifically suited for the culture activities can be identified. These will be presented below.

- Strive to become the leading municipality in the surrounding area in supplying culture activities.
- Increasing the citizens' possibilities to take part in the culture life.
- Improve the citizens' quality of life and believe in the future, especially among youths.



Ways to measure these goals have not yet been identified. The culture administration in Kungälv has, with the blueprint of the scorecard as starting point, made an action plan of how to reach these goals. The action plan is followed up monthly, just like the financial follow-up. A more extensive follow up will be made every four months and in the annual report. If the result diverges from the goal or the budget, they analyse on what it depends and an action plan how this will be attended will be made.

#### 4.1.2 The culture administration's perspective

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Ulla Linton is branch head of the culture and leisure department in the municipality of Kungälv. She has a background as journalist and has been working in the municipality since the autumn of 2005. Ulla describes culture as activities connected to the fine arts. But not limited to the high culture. She says that their mission in a culture perspective is to supply knowledge, experiences, enrich people's life and to stimulate creative actions. She points out that it is of importance for them as a culture unit to, in some way, limit the meaning of culture. The concept cannot include everything. Ulla indicates that the new political organisation in Kungälv has not given the culture administration a clear renewed mission and vision of the future for the culture activities. A new national, direction for culture activities has not been pointed out by the new government either. The former national goals suddenly became irrelevant with the change of government. She says that they had prepared for 2007 to be a multi culture year. This was a decision made by the former government and it is therefore not relevant anymore.

With regard to MbO, Ulla puts a lot of trust to the politicians' ambition of developing a new scorecard. But, she points out that it will take time before she feels confident with the steering tool and before it is well accustomed. In many ways, the focus is still on the objectives used before the municipality decided to develop a new scorecard. Ulla says that the delegation has only come halfway in the process of identifying goals for the different activities.

*"The strategic objectives identified by the delegation are very abstract."*<sup>7</sup>

Even if she says that the goals are abstract she also thinks that is the point. She thinks they will be more concrete when they have identified critical success factors for the goals. The goals have to be abstract since they will be the overall goals for many different services. Ulla elucidates that the goal setting process is a job for the politicians. They should point out what they want the administration to fulfil. But she also says that they cooperate a lot, and that the contact between the administration and the politicians is good. For example, the administration participated when the blueprint of the scorecard was created. She says that the administration have the possibility to express their opinion about the goals, but not steer the politics. She indicates that this was, sometimes, how it used to be before the political organisation was reorganised. The administration formulated and came with suggestions that the politicians accepted without considering any other suggestions. One of the reasons for the reorganisation was partly to clarify the different roles that the administration and the politicians have. With respect to the developing of a new scorecard, Ulla thinks that a reason for this might be that the former system was not a satisfying solution.

Ulla says that the goals they followed before the reorganisation were clear but could be interpreted in many different ways and that they were very ambiguous. She describes how the

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<sup>7</sup> Free translation from Swedish



follow up process will be a big change from how they used to work. She indicates that the former follow up process was not very well structured. The change is described as positive.

*“The new goals have not been clarified yet. But the structure of the follow up process is a whole lot clearer now than it used to be.”*

She says that the follow up indicates that what the administration do is relevant. It is a way for them to show that they have understood the directions from the politicians and to show how they have translated and adapted the overall goals to their organisation. During the follow-up they can report what has been done in the culture administration.

Ulla says that the whole culture sector has problems with measuring quality and effectiveness. The culture activity in Kungälv reports a number of different quantitative measures to the political delegation. Focus is on the number of visitors and the number of borrowed books in the library. But she says that the measures will not say anything about the quality of the services supplied or if they supply what the citizens demand. She also says that this is something which has been highlighted in the whole culture sector, the culture administration of Kungälv therefore participate in a national project trying to find ways to measure quality. She suggests a questionnaire distributed to the citizens as a way of measuring the quality and effectiveness of the services. But, she also says that it is an extensive work to do and they must be professional to be reliable.

*“We will never find out the value of letting an immigrant sit in the library for hours, reading a newspaper from his native country”*

She declares that it is a dearth not being able to measure quality and effectiveness, and that this is something they have to put focus on developing. At the moment they do not have a system to evaluate quality and effectiveness for the politicians. More goals are not needed, but better goals and goals that makes it possible to measure quality from the citizen perspective. The efficiency is discussed in terms of schedule, opening hours and availability. She gives an example of this where they measure number of visitors during the last opening hour Monday-Thursday in the library. This is compared with an estimated number of visitors in the library if it would be opened on Sundays. If the latter exceeds the former, obviously the existing recourses can be used in a more efficient way.

Ulla highlights the importance of letting the employees participate in the process of developing an action plan how to reach the goals. The employees are constantly in contact with the citizens and therefore have many great ideas from the citizen perspective. She says that the politicians should decide which goals to follow and the employees should decide how to reach them. Her job is to be in the middle.

The culture activity in Kungälv does not reward their employees in any specific way. Ulla says that their policy is that the effort is a kind of reward. She tries to pay special attention to employees coming up with new ideas. A way to reward them is to make it possible to release the ideas. Further, Ulla does not see any problems with identifying clear goals for an activity like culture. The problem might be to motivate why resources should be spent on culture when financial resources are scarce. In a situation like that, it is easier to motivate that recourses should be spent on services that are statutory. She says that the financial perspective, in some meaning, always has decisive influence.



### 4.1.3 The politicians' perspective

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Maria Abrahamson is the chairman of a delegation responsible for culture, leisure, tourism and issues concerning the industrial life and the labour market. Maria thinks that MbO is a steering tool well suited for the public sector, but she says that some politicians have not understood that yet. Her opinion is that politicians have problems to focus on a strategic level, instead of steering by detail. Maria's experience is that many politicians do not understand what is meant by MbO and Balanced Scorecard. Because of this, the administration has, sometimes, ended up constructing a whole scorecard with identified goals and ways to measure them. The scorecard is supposed to be the way for the politicians to steer, but in these cases it is the administration that has created them. She makes it clear that it is of importance that the politicians take their mission seriously and do not let the administration make political decisions, which sometimes has been the case. Further she says that her experience is that the former scorecard did not control or steer the public activities as they were supposed to do.

Maria expresses her frustration over how time-consuming it is to get to the point where a decision is taken in the political organisation. Her opinion is that they have not yet given the administration any clear guidelines. She points out that it is important that the political management give clear directions of what their goals are. If not, there is no idea of using MbO as a steering tool. She does not see any problems with identifying goals or ways of measuring the goals. She rather thinks that MbO is easy to understand and easy to apply. She thinks that the problem is that the politicians make it more difficult than it really is.

Maria describes that they have a long way to go until the routines with MbO and until the new scorecards are well implemented. Her opinion is that they have not found a structure for the follow up yet. She only wants them to report deviations, but they report everything they have performed. She assumes that they will fulfil the goals and that is why she does not find it necessary to report what has been done. Further, she feels that many of those working in the administration are confused because they are not controlled by detail.

*“The organisation is not used to MbO. They are used to ask how to handle or act in a specific situation.”*

Maria says that the politicians' role is not to control by detail. They are supposed to give abstract goals and the administrations mission is to fulfil these goals. How to find a way to fulfil the goals is the administrations problem. Further, she does not indicate that a problem with MbO in the public sector would be that goals are divergent. Her opinion is that they have identified goals for the different services supplied which easily can be combined with goals for the whole municipality. But she says that they used to have problems with divergent goals before the political reorganisation. The former political organisation included committees only responsible for one service, for example a leisure committee. This meant that the committee only identified goals suited for their specific service. They did not focus on the citizen perspective and the municipality as a whole.

Maria does not indicate problems with measuring quality and efficiency. She says that they have good possibilities of finding measures to do that, but she does not give any examples of how it should be done. Further, she does not see any problems with how politicians who have different standpoints must find a way to agree. After all their goals are rather alike, it is their way to achieve them that differs among the different parties.



## 4.2 Stenungsund

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The culture unit of Stenungsund, that has budget of about 25 million SEK, is run by approximately sixty employees. The activities are located to Fregatten, the culture centre. Fregatten offers a variety of services; a public library, a gallery, a café, a cinema, a conference-centre and the molecule workshop.

### 4.2.1 The MbO process

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In Stenungsund the goal-setting process start from a vision that establishes what will happen in the municipality in the nearest future. The vision is adopted by the municipal council. There is also a commission that handles questions that concerns democracy, who also coordinates all different goals to a single document. Then the municipal executive board of Stenungsund has the assignment of establishing indicative goals for their specific activities out of this document. After that, every committee establishes goals, for their activities.

- The culture unit will offer a wide range of culture services and good library service
- All children in the ages of 0-15 shall be offered at least one culture experience per year.
- 40 % of the culture events shall turn to children and youth.
- Public support and contributions should be applied for, to be able to increase the culture supply in the region.
- To contribute to democracy and popular adult education, the public should be offered Internet access as well as access to workplaces with a computer, intended for studies and information seeking.

The first goal is measured by number of borrowed books and visitors at the culture centre. The second goal is measured in number of children that have been offered a culture experience and how many visitors there were at these culture arrangements. The next goal is measured by the percentage of the total culture events. According to the third goal, the total of contributions will be presented. The last goal will be measured by increased number of computers at the library. The examples of goals given above further lead to concrete plans of action for the administration to work with in order to reach the established goals. From 2008 the budget, which also includes goals, will have a range of five years. It is a step in the direction of better planning. The municipality of Stenungsund strive to get a coherence of the goals on each level, in order for them to be clear and understandable for the citizens.

### 4.2.2 The culture administration's perspective

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We met with the head of the culture unit in Stenungsund, Margareta Östman. She is responsible for all culture activities in Stenungsund and coordinates all the activities at Fregatten, where contracted activities also are located. Margareta Östman has worked in the municipality of Stenungsund since 1976, when she finished her librarian education.

Margareta says there are many different definitions of culture and that all of them are acceptable. It is a term that can be used in different ways. But when you think of it from the perspective of people who work with culture, maybe the definition needs to be limited to what we actually work with; art, music, theatre, literature and film. Margareta continues with telling us that she also thinks culture workers have a responsibility to work on widening the



term and follow its development. But it has to be delimited somewhere, otherwise Margareta thinks it will be impossible to work with, and her definition of culture is the traditional art forms.

Despite the fact that the municipality of Stenungsund has been working with MbO a couple of years, it is not until now they have realized how important the plan of action is, according to Margareta. She says that Stenungsund has been working with MbO for a while but that they have taken so many different turns. However the process of MbO is now more intense. If her goals for 2006 and 2007 were identical, she feels that her goals for 2008 are a lot better, only because she worked on them just a little bit harder. For example, she tries to think of a good way to tell the politicians that the culture unit give priority to the right things and they always try to find new ways of collaboration to finance the culture activities. She wants the goals she composes to express all that. She explains that she is supposed to have about five to six goals, which is not enough to cover all of the culture unit's activities at the same time. But one has to be able to get a hold of the goals. Therefore the goals she set have a time limit and she works with different goals all the time. Still, she is careful for the period of the individual goal not to be too short.

*“It is over time, over a certain period of time that it is interesting. So, we have to keep them for a few years to be able to catch trends in the development.”*

Margareta thinks that the focus on MbO has been enhanced lately. Goals existed already a couple of years ago, but no one really cared about them. Today everybody's involvement in the process is more asked for and considered as more important. She tells us how she works through the goals, which will be established later, with the management of the culture unit. The management get the possibility to give their opinions of what missions they think are important to fulfil and measure. Margareta believes the other members of the management take the discussion of the goals with them to their respective division. The responsible manager of each area knows well what is said in the goal-document. She does not take any personal actions to improve the goal-setting process but Margareta is sure that this is a process that will be improved steadily along with the increasing understanding of the MbO-process to be something that returns year after year. Further, when presenting their goals to the politicians, Margareta also gets to meet with other people in the administration who are on the same hierarchical level of the organisation as her. This, she believes, is very useful for the administrations' understanding of the process. The possibilities for Margareta to have influence on which goals that are finally established are great, according to her. She thinks the dialogue between the administration and the politicians is good and that MbO is a useful tool for the administration to give air to questions intended for the politicians. Sometimes the possibility to affect the goals can be a bit too big. It has happened that the politicians have asked for, literally meaning asked, the administration to produce certain documents that should be strictly political. However Margareta is aware of that not being her mission and believes that specific event to be a mistake. She is careful not to interfere with what the politicians are elected to do.

When establishing new goals, she bears in mind that they shall be measurable. And of course, she says, we are demanded to follow up these goals regularly. The measure can be in visitors or money and is later discussed before the next year's budget is set. The enhanced focus on MbO has, of course, brought with it an enhanced focus on the follow-up process. Margareta says that they try to follow up goals that are not measurable with a discussion, when possible. She may report to the politicians in whatever way she likes. Margareta, who is a friend of



referring to business ratios, often tries to put words on those numbers. However, she says that she is frustrated over the fact that it is so easy to measure quantity but not quality. She says that the goals can feel somewhat like drivel sometimes and that MbO definitely would be easier if they produced nails.

*“It is quite difficult with quality and all that is not quantity.”*

Margareta gives us an example of how easy it is to measure the wrong thing; to measure visitors at the library and numbers of borrowed books even when knowing it is better to offer good service and help the visitors to find the right book for them. Of course, she says, doing this job well might lead to no people borrowing at all. Therefore, she thinks it is important to have other kinds of goals and methods of measuring. Efficiency is measured nationally by for example working hours per borrowed books or costs per borrowed books, according to Margareta. This will be the basic data when the opening hours are planned. Margareta believes that everything can be measured by quantifying it and then interpret and discuss the results. But she continues with the following discussion:

*“What makes the business ratios so bad? What makes the number of visitors at Fregatten decrease? Those are important tendencies. Maybe it does not say anything about how well we do our job? But I do not know how to measure qualitative measures in any other way, I do not.”*

Today Margareta reports the results, of the goal-achievement so far, to the politicians every fourth months. It used to be every second month. The reports also include what has been carried out during the period. Revising of the goals is made once a year, along with the budget process if needed. She makes her own internal follow-up monthly. If she during this internal follow-up notices something deviant, she takes it into consideration. Since the culture unit are completely free within their limits, she can cut down on certain activities while keeping an eye on other. Margareta is happy to be entrusted with this responsibility and look into the future with confidence.

### **4.2.3 The politicians' perspective**

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Ove Andersson is the chairman of the Stenungsund municipal executive board. Ove explains that Stenungsund has not adopted the Balanced Scorecard but that they do work with MbO since a couple of years. A lack in their set of goals is that they, up to now, have not had any long term goals. They have not had any visions for the municipality, apart from what is inside Ove and a few more peoples' mind. This is something they put focus on in the work with next year's budget. This is their main ongoing improvement of their work with MbO.

*“We are no world champion of MbO, as far as I can see.”*

He thinks it has been rather easy to establish goals for the culture activities. Ove consider the frequency of how many books that are borrowed from the public library to be a good indicator of the library's quality. He also says that the number of visitors is a good indicator of the overall services that the culture administration offers. If the quality was low, the number of visitors would decrease.



*“As long as you borrow as much as possible, that the place is accessible and that the employees are service-minded. That you get the help you need. That kind of activities is very easy to measure if it varies. And to establish goals for.”*

There are no specific features of the goals for the culture activities, according to Ove. He does not see any difficulties in establishing general goals for the whole municipality and he thinks the existing goals are clear and understandable. Neither does he consider combining varying goals for different activities to be a problem. He points out that the public sector must have the possibility to establish goals even if the overall goal is kind of unclear. Ove says that the public sector must establish goals for their activities since their mission is not just to focus on saving money. He considers the dialogue with the culture administration to be good. Margareta has good opportunities to affect the goals and according to Ove's opinion there is a healthy balance of how much the politicians interfere on a more detailed level and how much the politicians are steered by the administration. He does not see it as a risk for a threat to the democracy that the administration might be too involved in the political decisions. His viewpoint is rather that the administration needs to be involved to some extent.

*“It is necessary for them to be involved, since it is what they work with every day. I have not felt any problems with them trying to take over the politics.”*

Ove explains that it is important for the politicians to be clear with their intentions, but that they need the support of the administration to be able to judge what is realistic and what is not. He says that politicians should not establish goals that the administration will see as impossible to reach.

*“It is no fun to establish goals that you later need to confirm that they never were fulfilled.”*

Ove says, just like Margareta, that the big follow-up is made once a year and that any deviations are followed-up with a discussion. When establishing the goals, Ove says that the municipality has the intention that all goals need to be measurable. This intention is easier to fulfil for some activities and harder for others. Ove admits that this fact sometimes has as a consequence that measurement is not made as often as it should. He puts a lot of trust to a survey made by the SOM-institute<sup>8</sup>. The mentioned survey does a thoroughly investigation of the quality of the municipality's different activities. Ove assumes this survey is the best way for him to get informed of the whole of the wide spread of activities offered by the municipality. It is not easy to always be well informed but Ove feel like he has a good understanding of most of the activities.

*“It is not harder than to contact them. If you have a question about something, you just contact them. It is easily accessible in a small municipality like ours.”*

Except from MbO, Ove tells us that the politicians steer the municipality of Stenungsund by giving the different units the responsibilities of a revenue centre. Ove thinks that most of the people involved understand this as fair play. Ove argues for this responsibility to be a kind of reward for the units, since the unit will be able to keep potential surplus. He says that his opinion is that municipalities, for the most part, focus a lot on steering by budget and that they analyse deviations from the budget in detail.

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<sup>8</sup> The SOM-institute is a research centre which studies Society, Opinion and Media at Göteborg University. Every year the institute carries out a nationwide survey where people are asked to fill in a questionnaire about their opinion of, for example, the public services.



Apart from the decentralised financial responsibility, there are no actual rewards that the politicians use for the administration to fulfil the established goals. Still, Ove thinks that it is very important to find a harmony between finance and activities. Think smart and find a balance, to save money on a pile is never a good goal in itself. The most important is after all to do all one can to complete the municipality's mission.

### **4.3 Gunnared**

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Since 1979, the culture centre in the Gunnared district, offer the citizens the possibility to experience concerts, exhibitions, seminars, lectures by writers and special children's programmes. Activities are mainly directed to the citizens of Gunnared, but Blå Stället is also one out of two culture centres with special commission<sup>9</sup>. This means that they have to supply services for all the citizens in Göteborg, not just the citizens in Gunnared. The employees of the culture unit in Gunnared numbers of about fifty and the budget is about 17 million SEK in total for the culture activities.

#### **4.3.1 The MbO process**

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The district committee of Gunnared has applied the Balanced Scorecard when establishing goals for their activities. The steering of the activities is done from the viewpoint of the four BSC perspectives; citizen, financial, activity and employee. The Balanced Scorecard of the district committee has a starting point from the Balanced Scorecard identified for the whole municipality. The main part of the financial perspective consists of the budgets for each unit in the district.

The fundament of the culture activities in the Gunnared district is the culture politics strategy of the municipality of Göteborg. From this plan that concerns the whole city, the Gunnared district committee is further responsible for developing a local culture plan. This plan was established in 2004. The administration was commissioned by the district committee to produce a blueprint of the culture plan to serve as the starting point for a discussion. It was then sent back to the administration with feedback. Examples of the goals in the culture plan are:

- We want to give the possibility of artistic expression and development of talent, creativity, fantasy, self-esteem and social skills to all youth and children. (Goals for the culture school)
- A culture centre is a public room, open to everyone. This public room should offer possibilities for communication, experiences and development in different kinds and shapes. Special attention should be taken to communication over national boundaries. (Goals for Blå Stället)
- The public libraries are local meeting points as well as centres of knowledge and popular adult education. They should be seen as an important part of the society's culture supply. (the public libraries)

Except from this, the culture unit has also formulated fourteen internal goals through the years. They currently work on adding a long term perspective when planning their activities. The current internal goals are of a very general character and, just like those stated in the local culture plan, rather old. The only way these goals are measured is by counting visitors, at the

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<sup>9</sup> Translated from the Swedish word *resursupdrag*



library for example, and how many visitors that were attracted by a certain programme. Marianne regularly reports the business ratios of her activities to the district committee, without knowing what all of them are used for. The budget will be followed up internally every month. Every four months a follow up is made with the finance department. If the result deviates from the budget, an action plan of how to recover this will be made.

### 4.3.2 The culture administration's perspective

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At Blå Stället we met with Marianne Andersson who is responsible for all of the culture activities and the culture organisation in the Gunnared district. Marianne, who is an educated librarian, shares this responsibility since of January 1<sup>st</sup> 2007. The shared responsibility is a way to ease the work burden, a way which will hopefully help to raise the quality of the culture activities offered in Gunnared.

The interesting discussion of what culture really is, never ends at Blå Stället. According to Marianne Andersson, this is essential for the activities to be vital and for Blå Stället to offer the right kind of activities. Everyone at Blå Stället has different viewpoints regarding culture and therefore different opinions. What should a culture centre be devoted to? Marianne started working with culture in the seventies. Back then the debate revolved around a widening of the meaning of culture. Everything should be culture rather than only the fine arts. Marianne personally agrees with this as a noble motive, but after working with culture for about thirty years, she has developed a more pragmatic and conservative attitude with her occupational role. She points out that it is of great importance to guard the culture activities. If more fuzzy boundaries and definitions of what culture really is would be allowed, she is afraid that the culture centres in the long run will be responsible for "all and nothing". Then, the money would not be enough. Even if culture activities are mostly not legislated still libraries, theatres and culture centres all need their share. Therefore it is important for people that work with culture stand up for their mission. However, during the interview Marianne never really give us a clear definition of how they define culture in Gunnared.

When presenting the internal goals, Marianne is careful to point out that theory is not at all the same as reality and that she only can vouch for reality. The present internal goals for the culture unit are established together with the unit's employees, during different conferences. But this was several years ago and even if they have a good intention of having these meetings regularly it has been a year since last time. Goals are neither followed up properly nor revised on a regular basis. Nor does a proper way of following up the culture plan exist, Marianne says. On top of this she says that the public administration misses clear, all-embracing goals. The process to develop these instruments for the public sector is slow. But Marianne thinks it is clear that the public sector cannot use the same way to measure as, for example, manufacturers.

*"If you are a shoe-seller who does not manage to sell any shoes, you do no longer have a business. But if we do not have any visitors, Blå Stället will still be here."*

Marianne Andersson does not conceal the fact that she thinks it is problematical to use MbO in the practise of culture units.

*"...and it does, that I can say!"*



*“We cannot measure what goes on inside the head of a little boy when he is reading. But we think it is good for children to go to the library.”*

Many times goals are established only because they are possible to measure, but they do not provide a clear picture of reality. The visitors of Blå Stället want to be offered top-class activities. Therefore, it is easier for Marianne to dive into the supply of activities rather than to try to step up one level in the hierarchy of tasks to get a better view of the activities. She does not feel that she has enough time and definitely thinks that is one of the reasons to their failure to establish clear, measurable goals. Marianne would like to develop a good way to evaluate efficiency and find out if resources are used in the right way. Right now, this is not prioritised but Marianne hopes that it will be time to do this now when they have shared responsibility. She says that she has been very critical to MbO. Many of the goals established are visions that everyone working in the organisation are already well aware of. Therefore, she thinks that it sometimes can be unnecessary to spend so much time on trying to find goals that are measurable and important for the organisations. The time spent on following up these goals can be spent on something more important. She indicates that the goals they have established have sometimes been done quickly, just to get the work done. Though, Marianne also says that the goal setting process is a time for reflections, which also is of importance for the organisation.

Marianne admits that it is really hard both to establish goals for and to measure culture activities. She says the main cause of the impossibility to measure the established goals is because reality is very complex. The meetings of the district committee are seldom attended by Marianne, who says she misses the dialogue with the politicians. She feels this is a lack that comes with large municipalities. Marianne does not say explicitly that she has a poor contact with the politicians, but she says she do not get all the feedback she would like. A closer contact, especially with the top politicians of the municipality of Göteborg, is demanded. We should do this kind of work in the form of dialogue with constructive questions instead of reporting business ratios, Marianne says.

*“I do not have any expectations, the dialogue we have is not vital. It could be done in a so much better way.”*

If that was the case both the political and the administrative perspectives will be heard. She also believes that no one really cares if the numbers of visitors differs a bit to and fro from one year to another and it is obvious that she even doubt the fact that they actually use all the reports she give them.

*“I almost think I could have written abracadabra and no one would have cared.”*

If the interest for activity based goals and follow up of these goals is low, the interest for the budget and whether the unit has followed the budget is of importance for the district committee. Marianne says that the budget is an important document of steering for the politicians.

#### **4.4 Frölunda**

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The culture centre in Frölunda is the main part of the culture supplied in Frölunda. The centre offers art exhibitions, theatrical performances and culture programs. The building also includes a library and a swimming pool. Except from the culture centre, Frölunda offers a



culture school and a music school for children as culture services. The culture administration in Frölunda has 39 employees and subsidies of approximately 17 million SEK.

#### **4.4.1 The MbO process**

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The goals established by the municipal council in Göteborg is the starting point for the goal setting process in Frölunda. The district committee in Frölunda translates the overall for the municipality to Frölunda's conditions. Just like Gunnared and Kungälv, Frölunda has accepted the Balanced Scorecard as a way of steering with objectives. They have identified the same objectives as Gunnared. The financial perspective in the scorecard focuses on the budget and is based on the number of citizens in the district. In the budget, special propitiations have been made where recourses will be concentrated. The goal is financial balance (Frölunda stadsdelsnämnd, 2007). In the activity perspective, special goals for the culture activity have been identified. These will be presented below. These goals are specially prioritized, but the overall goals are supposed to be followed as well.

- An event called hotspot will be introduced were current topics for the society will be discussed.
- Every child is going to be offered to participate in the culture and music school. They will also be offered to visit at least one culture performance a year.
- The focus on the library as a meeting point will be enhanced.
- The culture centre will be available for disabled citizens. They will have the possibility to participate in varying culture activities.

The culture administration in Frölunda establishes internal goals out of the goals set by the district committee. The internal goals are also established in the four perspectives identified in the scorecard. The internal goals are discussed during staff briefings. This means that no clear measures has been identified to the internal goals. Measures have been identified to the goals set by the district committee, but not for all of them. The measures are mostly quantitative. The goal focusing on children participating in culture activities is measured by number of participators compared with the number of children registered in the schools in Frölunda. The focus on the library as a meeting point will be measured by numbers of visitors and the last goal is measured by which investments that have been made to facilitate for disabled to visit the culture centre. A follow up to the district council is made every four months and in the annual report. The financial goal is followed up every month, every four months and in the annual report. Just like Stenungsund, the culture centre is a revenue centre. If the follow up shows divergence from the goal in a negative direction, the administration must come up with an explanation and plan of action.

#### **4.4.2 The culture administration's perspective**

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Ulla Forsén is branch head of culture and leisure activities in Frölunda. She has been working there for six years and she has a background as a librarian. Ulla says that it is difficult to define culture, but in an activity perspective she means that it has to do with services connected to information and mass-education.

Ulla says that she is pleased with the way they work with MbO, but does not think it is optimal. They have a long way to go and much left to do. She says that there are always things they can improve. She describes that the municipality, as a whole, focus on



establishing “smart” goals. This means that goals are supposed to be clear, measurable and not too many. But this is not always the case. There are goals that can not be measured and these goals are often unclear. On the opposite, she says that some goals are so clear that they are more of an action plan. She means that even if the politicians are supposed to identify strategic goals, they can sometimes end up identifying goals on a detail level. Ulla says that the goals that are not measurable are often the goals focusing on quality. Ulla indicates that it is frustrating not being able to measure quality in a good way. She says that they can always ask for the visitors’ opinions of the services supplied, but she does not think that is enough. On the other hand, Ulla points out that culture activity must be able to exist without always focusing on the use or the benefit of culture. According to Ulla, efficiency is discussed and they are aware of its importance. She exemplifies this by saying that they try to increase the supply of self-services which will increase the efficiency and the possibilities of increasing the quality of other services.

Ulla’s opinion is that it is not a problem to establish goals; the problem is often to find a way to measure them in an appropriate way. She says that this is not something specific for the culture sector, the same problem occurs for all services in the public sector which represents soft values. Ulla compares with the private sector and says;

*“It is much easier to measure how much toothpaste I sell”*

The contact between the politicians in the district committee and the culture administration in Frölunda is good. Ulla describes that they have a very informal relationship and that everyone working in the organisation has the possibility to express their opinion to the politicians. Further, Ulla says that the different roles for the politicians and the administration are clearly defined. Even though, she says that it is often the culture administration that identifies and formulate the goals that later will be established by the district committee. She says that the culture administration, in many ways, is free to choose what they want to focus on. Even if the contact with the politicians in district committee is good, she says that the contact with the politicians in the municipal council is inadequate. Just like Gunnared, the culture centre in Frölunda has a special commission which means that they supply services for all the citizens in Göteborg. The subsidy for the special commission comes straight from the municipal council and not from the district committee in Frölunda. This means that the municipal council is their assigner for the special commission. Because of this, Ulla would like to have a better contact with the politicians on the municipal level, but she indicates that they do not pay much attention to the culture centre.

*“The municipal council do not give a shit about what we do”*

Ulla is pleased with how they work with follow-up and feedback. She says that they regularly discuss the goals and goal fulfilment, both with her own staff and the politicians in the committee. Except from goal-fulfilment, she also reports what has been carried out and the situation at the culture centre. She says that this is more of subjective descriptions from her point of view. She sees communication as an important part of the MbO process, especially in an activity which has a lot to do with soft values that can not be measured. She also mentions the risk with too much focus on quantitative measures. They report a large number of different quantitative measures to the district committee every year, but she can not see what difference these will make.



Ulla points out that the goals established by the politicians and the internal goals are an important part of the culture administrations daily work. She can not give a clear answer to whether the goals are well implemented in the whole organisation or not, but she think they are since they discuss them regularly. However, she says that every one is at least well aware of the financial goals and that they always try to think in terms of efficiency and effectiveness. The culture administration must follow the budget restrictions. Ulla gives an example from a burglary they recently were exposed to. The burglary cost 300 000 - 400 000 SEK, and the consequence of this will be that the culture activities will suffer since they can not afford all they have planned for.

She mentions that not being able to reward the employees is a problem. She would really like to find a way to do that, but refers to the fact that they are a public organisation. Rewards have been a hot topic and much time has been spent on discussing this. The employees have individual salaries, but the scope for wage rises is very limited. Ulla also says that if the employees are rewarded, the rewards are always collective.

Even if Ulla indicates that steering with goals is something good, she also says that one can not structure and systematise an organisation too much. If you do that, there will be no room for spontaneous actions. This means that they can not “slavishly” follow the goals.

#### **4.4.3 The politicians' perspective**

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Sören Björkman is the chairman of the district committee in Frölunda. The district committee is responsible for the public services offered to the citizens in Frölunda. When discussing MbO, Sören points out the idea of establishing “smart” goals. He means that the problem with smart goals is that all the goals they establish must be measurable. He describes an example from a political meeting they had recently where the politicians had formulated a goal they wanted to establish, but they could not find a way to measure it and therefore could not establish the goal. His opinion is that to be able to establish measurable goals, the goals must be on a detail level. Further, he says that detailed goals are not what he thinks the politicians should focus on.

Sören says that the culture administration and the politicians cooperate a lot. He says that it is necessary; after all it is the administration that is going to do the job and therefore must accept the established goals. Further, he indicates that they spend a lot of time to follow up the goals whether they have been fulfilled. The occasions also give room for adjustments and explanations if the goals have not been fulfilled. Though, he is aware of that the politicians will not get information about everything that happens in the organisation. By own experience from working in the administration he knows that the politicians will not always find out the truth.

Sören's opinion is that the goals they have identified for the culture centre are clear and that they all can be measured in some way. He indicates that the extended version of MbO, the Balanced Scorecard, sometimes makes it difficult to distinguish if a goal is a goal or an action plan. Further, Sören describes that his opinion is that they have a found a good way to measure the quality on the culture services supplied He says that they do this during their meetings where the administration give information about the exhibitions or performances/shows, and if they have been appreciated and well-visited. This information is based on the administrations experience. They used to have special meetings where the citizens could come and brief their viewpoints; this was a way for the district to find out if the



citizens were pleased with the quality of the public services. But it was not many citizens that came to these meetings.

The politicians are strongly dependent on the administration. Sören says that the administration knows the organisation best. Many political decisions made are suggestions from the administration. If the politicians are not pleased with the suggestion they must formulate another suggestion, but this is unusual. Sören exemplifies the power that the administration has with an example from an official entertainment he made with the head of the city district.

*“The head of the city district introduced me like, this is Sören and he has got the power. Then I said, this is X and she tells me what to decide.”*

Sören is accurate to point out that it is important that the politicians and the administration are careful to separate their different roles, and that the politicians should not decentralise too much power to the administration.

Taken together, Sören says that the different parties and politicians who together establish the goals for the district agree. From the citizens perspective they all have the opinion that the society must protect the individuals' and their needs. He also says that they have the citizen as a starting point when they establish goals for all the different services and from the citizens perspective all goals for different services can be combined.



## 5 Analysis

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*In this chapter we will analyse our empirical findings. The empirical findings will be evaluated in aspect to the above presented theories. The results from this analyse and evaluation will be the base for our conclusions. The respondents will not be used by name since focus is on the findings. Nevertheless, we will compare the different units and municipalities/districts because of their different structures and way of applying MbO.*

### 5.1 Management by Objectives or Balanced Scorecard?

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The empirical research shows that steering by objectives is implemented, in some way, in all of the units studied. This was expected due to the change in the municipal act (Hushållning i lagens namn, 2006) and since the steering tool has been well implemented in the public sector during the 1990's (Kolam, 2007). However, how they steer by objectives and to what extent steering by objectives is implemented vary among the units or municipalities/districts studied. The major part has applied the extended version of MbO, the Balanced Scorecard, developed by Kaplan & Norton (1996).

#### 5.1.1 Formulate and establish goals

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As described in the theoretical framework, the municipalities are controlled by the municipal law. The municipal law regulates on which levels certain goals must be established. The law also says that the municipality must identify financial and activity based goals for the services supplied. The goals must be clear and measurable (Kommunallagen 1991:900). Except from what is regulated, the municipalities are free to adjust the goals to local, special conditions. The information from the respondents about how the municipalities steer the activities and establish goals shows that the restrictions from the law is followed. All of them describe that the municipal councils overall visions and goal is the starting point for further development and broken down to specific goals. Since the units studied varies in how they are organised the specific goals are established in different delegations and committees. This means that the level where the goals are established also varies. The empirical findings indicate that all municipalities studied have in some way decentralised the responsibility for establishing specific goals for different activities to the political units responsible for culture activities. This is also in agreement with the municipal law. Worth to notice is that none of the political delegations that are responsible for the culture units studied are solely responsible for culture, something that has become more unusual (Svenska kommunförbundet, 2003).

Just like the law mention that goals have to be clear, Rombach (1991) points out the importance of them to be clear, understandable and specific. By studying the specific goals for the culture units it is clear that the goals are of varying kind. Some goals are very specific whether others are very fuzzy. Even goals in the same municipality can be of both fuzzy and specific character. This has especially been pointed out by one of the respondents saying that goals in some cases can be more of an action plan. However, our empirical findings show tendencies of this in more cases than this. Since not all of the people involved in the MbO process has understood all of the purposes with this steering tool, the way it is used is not always the way it is supposed to be used according to the theory. The administration has therefore been used to be steered by detail because many politicians have problems to focus on a more strategic level. At the same time, the whole idea of MbO is decentralisation and to get rid of the problems that come with steering by detail (Brolin 1992, Svensson 1997).



Therefore the goals must be of a more general character, which also has been emphasised by both the administration and the political respondents. The decentralisation also means that the employees are free to find their way to reach the goals by constructing an action plan (Brolin 1992, Svensson 1997). This is another argument for not formulating goals that are too clear and detailed.

One part of Rombach's (1991) critique to MbO in the public sector is the lack of overall goals. Though, the municipal law has identified an overall goal; to "be economical with the resources". It has also been mentioned by the political respondents that the lack of overall goals, mentioned by Rombach, is not a problem because they do think that they have overall goals. Especially one political respondent indicates that the focus on the citizen as an individual and its needs can be seen as an overall goal. Though, some of the respondents from the culture administration indicate that this sometimes can be a problem. They argue for the lack of all embracing goals in the public sector and compares with how much easier they think this is in the private sector. Rombach (1991) also do this comparison with the private sector's overall goal of maximising the profit.

One of the respondents indicates that the long term perspective that MbO demands can sometimes be a problem in political organisations. She describes that goals or projects that have been planned and prepared for can suddenly be irrelevant because of a change in the political power. This has been discussed by Rombach (1991) saying that the insecurity in which political party that will rule the country next term of office can not be combined with MbO.

In one of the municipalities studied, the political respondent has described that they used to have problems with what Rombach (1991) points out, divergent goals in public sector. This was a consequence of how the political organisation was organised with one committee per service. No focus on the municipality as a whole lead to too much focus on the specific service. The respondent's opinion is that this problem has probably been eliminated thanks to the political reorganisation. More than one of the political respondents indicates that the problem with divergent goals can be solved as long as the municipality as a whole is kept in mind when goals are established.

### **5.1.2 Financial versus activity based goals**

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All four culture administrations have the same financial goal, to maintain financial balance. This is the same restrictions that are regulated by the municipality law. Further, this means that no specific financial goals have been identified for the culture activities in the municipalities. The empirical findings indicate the financial perspective to be of importance and almost all of our respondents mention the steering effect that the budget has. They indicate that the financial perspective will steer which goals they can establish for the activity. At least two of the culture units studied are organised as revenue centres. As described by Brorström et al. (2005) this means that they are able to keep potential surplus. This is a way to motivate the employees in the administration to put focus on the financial perspective. The focus on the financial perspective and the budget match up with Rombach's (1991) empirical findings from his study of the county council in Stockholm. The risk for the financial perspective to become predominant when management models from the private sector are applied in the public sector has been discussed by Olsson et al. (1998). Although the model that illustrates the MbO process shows that the budget must be taken into consideration when MbO is applied as a way of steering (Svensson, 1997). Further, one of the respondents points



out the importance of finding a balance between the financial restrictions and the actual purpose of the municipal services. After all, this indicates that the financial perspective does not need to be predominant when MbO is applied.

Iordanoglou (2005) discusses the problem with defining culture and what is meant by the concept. By studying the definition of culture made by the respondents from the culture administrations it is clear that the definition varies among the respondents. They also indicate that it is difficult to find one definition of the term. Although, the opinion if this affect the possibilities of identifying activity based goals for the culture activities varies. Some of the respondents do not see any problems with this whether others say that this is a problem for all activities that supply services connected to soft values.

Rombach (1991) claims that due to the fact that the public sector offers many different services it also means that many different goals will be identified. Further, he argues that this is a problem since it is hard to handle and focus on many different goals. The units we have studied have identified three to five specific goals for the services they supply. As mentioned above the financial goal is often limited to one. Although, it is important to notice that this is just the specific goals for the services, they also have to follow the overall goals for the municipality and in those cases where Balanced Scorecard is supplied the goals for the other perspectives. In one of the units studied, fourteen internal goals in the organisation has been identified which might be an indication of too many goals.

Only two of the units studied have broken down the goals established by the politicians to internal goals. A reason that Kungälv has no internal goals may be because they have not come to that point in the process yet. Both Rombach (1991) and Pihlgren, Svensson (1989) mentions that goals should be broken down as far as possible to make them clear. But sometimes established goals are already on a detailed level which might be the reason why some units have not identified internal goals. By studying the goals established for the culture activities it is clear that some goals are really on a detailed level.

A reason to the amendment in the municipal law was to make the municipalities concentrate on a long term perspective. The municipalities must plan their activities in such a way that makes it sustainable even in the unpredictable future (Brorström et. al. 2006). Moreover, MbO focuses on the long term perspective since the organisations vision is the starting point for the goal setting process (Dinesh & Palmer, 1998). It is also a way of steering towards the vision. Although some of the respondents admit that they have not had a long term perspective or even a clear vision. They point out that this is something that must be improved.

### 5.1.3 Measures

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For MbO to be successful as a way of steering, goals that are measurable must be identified. Measures for each goal need to be established and the measure must correspond with the goal (Rombach, 1991). Measures and ways to measure in the public sector have been much criticized by Rombach (1991). He says that it is hard for municipalities to find the right instrument to measure an established goal so the result will reflect to what extent the goal is fulfilled. He also says that the tendency in the public sector is that what can be measured will be measured since it is often hard to know what to evaluate. The consequence might be that efforts will be evaluated instead of results and that the only goals that will be established are the measurable ones. All of the respondents indicate that they try to find a way to measure goals in the right way, as far as possible. They also say that they keep this in mind when



establishing the goals. Although, all the goals established are not measurable. The immeasurable goals are evaluated through discussion, when possible. Two of the respondents from the culture units have showed that they have measures to each activity based goal they have established. The same respondents say that all goals are not measurable. This might indicate that they are not pleased with how the goals are measured. A few of the respondents point out, just like Rombach, that some goals are established just because they are measurable. Especially one respondent exemplifies when a goal they wanted to establish could not be established because it was not measurable. The fact that the process of identifying measures and measurable goals are very time-consuming is an explanation to this, given by another respondent. This is something that accords well with Rombach's (1991) description of MbO as a very time-consuming and expensive way of steering.

A tendency among the units studied is that efforts sometimes will be evaluated instead of goal-fulfilment. Some of the respondents mention that they describe what has been carried out and which actions that have taken place at the culture administrations. The opinion is that this is what the politicians' request, but during the interviews at least one politician mentions that this is not the information they need when they follow up the goals. But at the same time this information is of importance for the politicians since they cannot make fair decisions without it.

#### **5.1.4 Measuring efficiency, effectiveness and quality**

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The implementation and use of MbO in the public sector was supposed to be the solution of the problems with inefficiency and ineffectiveness. It was also supposed to increase the quality of the services supplied (Kolam, 2007). Focus on finding a way to measure these concepts has been even more important in the public sector than the for-profit sector due to the lack of market mechanism (Anthony & Young, 2003). Even though, Berg-Suurwee's (2005) studies of culture and leisure activities in the public sector shows that a good way to measure these concepts have not been developed. She also says that if it is measured, it is made in quantitative terms like opening hours or number of visitors. All of the respondents from the different culture administrations express their frustration over the problem with not being able to measure quality in a desirable way. They all say that many of the measures are quantitative but they think that this does not give any signals of the effectiveness and the quality of the services. The respondents from the culture administration would like to find a way to find out about the visitor's opinion of the services supplied. Some of them mention questionnaires as a way to collect this information, though a very expensive one. The way the respondents from the culture administration would like to measure quality can be connected to the subjective one described by Pihlgren and Svensson (1989). On the contrary, the politicians seem to be of another opinion. All of them mention that their opinion is that they have found or will find a good way to measure quality. If the quality was low, the number of visitors would decrease. Two of them say that they think number of visitors or for example the number of borrowed books is a good indicator of the quality and the effectiveness of the services. One of the political respondents emphasises his trust in the questionnaire that the municipality distribute to the citizens quadrennially as a way to evaluate the quality. In contrast to the employees of the administration, the politicians seem to have an objective view of quality as it is illustrated by Pihlgren and Svensson (1989).

Efficiency has also been described as difficult to measure in the public sector. Since the benefit of a service, as a form of output, is hard to define it is difficult to find out if an unchanged level of input has lead to increased output (Pihlgren & Svensson, 1989). All of the



respondents from the culture administrations mention efficiency and says that this is discussed in the organisation. The way they exemplifies measures of efficiency is mostly connected to the library. Moreover it is often in terms of volume, like borrowed books per opening hour, which rather is a way to measure productivity. The focus on measuring efficiency or productivity in term of volume and not value might depend on the problems with finding out how the citizens benefit from culture experiences. This has been pointed out both by Berg-Suurwee (2005) and the respondents from the culture administrations.

### 5.1.5 Participation and dialogue

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The main part of the respondents from the culture administrations says that they have a good contact and dialogue with the politicians. They also say that they have the possibility to express their opinion about the goals and participate in the goal setting process. The illustration of the MbO process made by Svensson (1997) shows how important the dialogue is. Svensson illustrates this with the dialogue as the central part which permeates the whole MbO process. Moreover, Dinesh & Palmer (1998) describes that letting the employees participate is one of the essential parts that MbO as a system of management is built on. One of the respondents indicates that the contact and dialogue with the politicians is not as good and vital as she wish for it to be. The same respondent says that the culture administration was asked to do the blueprint of the culture plan and therefore had the possibility to influence the goals that was be established by the politicians, though she points out that the contact could be much better. The two respondents from the culture administrations in Göteborg indicate that they have problems with reaching the politicians on the municipal level. One of them says that her experience is that this is an effect of the municipality's size and she did not experience this problem when she worked in a smaller municipality. Both want a better contact with the politicians even on this level. The politicians' point of view is that the contact and the relationship with the administrations are good. They point out that this is necessary since the administration carries out the practical work to reach the goals.

No matter how important participation and decentralisation is in the MbO process, employee participation in the public sector has been criticised by Rombach (1991). He says that employees often end up formulating goals that should be formulated by the politicians. This is compatible with how MbO should be applied but it might lead to problems from a democratic perspective. There is a risk that power will be shifted from the politicians, elected by the citizens, to the employees of the administrations. This risk has been discussed with the respondents. Some of them admit that the employees have been too involved. But it can be hard to avoid since the employees know the organisation better than the politicians and what is possible to carry through. In one of the units studied, too much decentralisation to the administrations was even one of the reasons to the political reorganisation. By reorganising they hope that this risk will be reduced. A few of the respondents point out that it is important that they elucidate the different roles and tasks that the politicians and the employees in the administration have. At least one of the respondents says that it is the politicians' responsibility to not let the employees affect the political decisions too much. Taken together, the information from the respondents indicates that it is difficult to find a balance in letting the employees participate, which MbO demands, but not let them participate too much.

One of the ideas of MbO is that the employees are supposed to find a way how to reach the goals. This is also a part of the participation and decentralisation (Brolin, 1992, Svensson, 1997). Two of the respondents from the culture administrations described that they have made an action plan of how to reach the goals. One of them elucidates the importance of developing



an action plan with the employees since those are the ones to decide how the goals should be reached.

### **5.1.6 Feedback and follow-up**

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Rombach (1991) and Svensson (1997) both describe the follow up and feedback as a very important part of the MbO process. Moreover they say that this must be made frequently and in a positive way. In Kungälv, where they are in the middle of developing the way they steer with goals the respondent from the culture administration describes that she is already very pleased with the new, more structured follow up process. But the politician from the same municipality says that they still have a long way to go and she is not pleased with how they work with the follow up. Two of the units studied describe that they have a regular follow up where goals and goal-fulfilment are discussed. They also say that these follow ups are an opportunity to adjust and develop new goals. Still, one of them says that the goals have not been adjusted during the last two years. In one of the units studied, a follow up of the established goals is missing completely. They only report business ratios like number of visitors. But this has not been identified as a way to measure the goals established. The same unit does not get any feedback from the politicians and they do not know what the business ratios are used for by the politicians. Moreover, the goals have not been adjusted during the last years. In all of the culture units it is clear that the budget and financial goals at least are followed up and discussed on a regular basis.

The two culture units that are a part of the municipality of Göteborg says that they miss feedback from the politicians on the municipal level. From the culture respondents point of view it seems like the politicians of the municipality of Göteborg lack in their interest of the culture administrations in the city districts. As said earlier feedback and positive feedback are important parts of the MbO process, at least as a way to motivate the employees to strive towards the goals. Pihlgren & Svensson (1989) also mentions that it is important that the superiors are interested in what the subordinates do and motivate them to reach the goals.

The empirical findings show that the culture administration does not have any rewards linked to goal-fulfilment. One of the respondents mentions that rewards have been discussed a lot in the organisation, though they have not found a way to reward their employees. Though they wished they could. Reward are often tied to goals as a way to motivate the employees but just like the empirical findings shows, rewards and especially individual rewards are seldom applied in the public sector (Rombach, 1991). One respondent says that the lack of rewards is because they are a part of the public sector and refers to the limited scopes for individual rewards that exist in the public sector. Pihlgren & Svensson (1989) says that the rewards are a way to motivate the employees and the reason why MbO increases the efficiency. But this cannot be used as an argument in the units studied.

## ***5.2 The administrations' perspective vs. the politicians' perspective***

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When comparing the respondents from the culture administration with the political respondents it seems like they have different opinions of MbO. All of the political respondents give the impression that they are positive to steer the public sector with goals. Many of the problems that Rombach (1991) emphasises with steering by goals in the public sector are problems that the politicians do not experience. This differs from the impression given by the culture administrations. They are more familiar with the problems discussed by Rombach. One of the respondents from the culture administrations says that she has been



critical to steering with goals. But she says that she now realises its importance. It is of importance that MbO is accepted by everyone in the organisation to be able to apply it successfully (Rombach 1991).



## 6 Conclusions

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*In this chapter our conclusions and a discussion based on the previous chapters will be presented. Suggestions for further studies will also be included.*

The purpose of this thesis was to describe and analyse how MbO is applied in the culture administrations. The study has shown that they all work with steering by objectives. The way they do this is mainly how it has been developed by the municipality as a whole. This is not surprising since they are not an isolated unit but a part of a whole municipality. It is the municipality and the municipal council that control the administrations and choose in what way to steer them. Three of the four units studied have chosen to implement the Balanced Scorecard, which is an extended version of MbO. For us it seems natural due to the fact that their mission is not to focus only on the financial perspective but also focus on other perspectives like the citizens. This corresponds with Balanced Scorecard because Balanced Scorecard demands that goals are identified out of at least four different perspectives. Since MbO mainly was implemented in the public sector during the nineties we believe that a natural next step is to adopt a more developed way of steering, such as the Balanced Scorecard.

Unfortunately the interviews did not give us as detailed information as we wished. Especially in one of the units studied this was impossible since they were in the middle of the process of developing a way to steer with goals. Because of this there was no actual process to use as a starting point when we analysed. Although, this unit made it clear that they had experienced problems when steering with goals before the political reorganisation. Despite this, the respondents have given us adequate information to make some conclusions of how they steer with goals. All of them have established specific goals for the culture activities. But only two of them have identified ways to measure these goals. Once again, it is important to notice that the reason why one of the units has not identified measures for the goals is because they have not come that far in the process yet. The respondents give the impression that the employees in the culture administrations participate and have influence when establishing the goals. Financial goals are followed up in all units. The financial goals do not seem to be the problem when steering by goals in the culture units. Although, the follow up of the activity based goals varies among the units. The main part of the units makes it clear that they have a structured and regular follow up of the activity based goals. However one of the units declares that they have some kind of follow up of the activities to the politicians, but this follow up is not connected specifically to the activity based goals. The follow up consists of business ratios but no feedback is brought back to the culture unit from the politicians. Three out of four units express that the dialogue and feedback is good between the culture administration and the politicians. Though their different view of how to measure the goals, how easy it can be made or if it can be made at all makes us doubt that it is the important parts of steering with goals that is discussed.

Our purpose was also to study and analyse if potential problems exist with MbO in the culture administrations. Our main finding is that the culture administrations experience problems with finding a way to measure quality. They have all expressed frustration over the fact that they can not find out how all the different visitors experience culture activities and benefit from them. This problem has also been shown in former studies of MbO in the culture sector. The problem can be explained by the soft values that culture activities offers. Though it is



important to notice that the respondents do not express that establishing goals for culture is the problem, the problem is to find a way to measure them.

Our respondents have explained that they experience other problems with steering by objectives, but these problems can not be seen as something specific for the culture sector. These problems can arise in all organisations that work with MbO because they rather depend on how MbO is applied. Our study shows that the units studied have difficulties to find a balance between establishing goals that are specific and clear, but at the same time general enough to be adapted to specific services and units. The idea of MbO is to avoid steering by detail and increase the employees' possibilities to decide how their work should be done. The danger with too general goals is that they can be difficult to find a way to measure. Therefore, goals must be specific at the same time.

A problem with MbO in the public sector that has been discussed is to what extent the employees in the administration should be involved in the process of establishing goals. MbO demands involvement but in the public sector the danger is that this will affect democracy in a negative way. Our study has shown that this sometimes has been a problem in the units studied and they are also aware of the problem. In some cases our experience is that the administrations has been too involved and therefore have had too much influence on political decisions.

In two of the four units studied, problems with communication and the lack of a good dialogue with the politicians have been emphasised. This can not be seen as a problem that depends on MbO, but since communication is an important part of the steering tool problems with communication will be revealed when MbO is applied.

Our experience is that the politicians are more positive to MbO than the respondents from the administrations. This does not mean that the respondents from the culture units do not try or oppose the municipalities' efforts towards steering with goals. We believe this to be an effect of the fact that the administration is more involved in the activity on a detailed level and therefore see the problems from a different point of view. After all, it is not the politicians who must find the way to reach the goals.

Taken together, the study show that the culture units together with the municipality as a whole has increased their focus on steering with goals and they all make an effort to improve the way they steer with goals. They see it as an ongoing process that always can be improved. The increased focus on goals can be explained by the recently changed municipal law.

## ***6.1 Suggestions for further studies***

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When working with this thesis, we have constantly come up with new topics that could be interesting to look deeper into.

We believe it would be interesting to study Management by Objectives in a part of the public sector that is run more like a profit-maximising company. By this we mean companies that are owned by the municipality and have other requirements for generating profits than the organisations studied in this thesis. Do problems that have been identified with MbO in the public sector exist also in these organisations? Since we have studied the culture sector specifically we reckon it would be interesting to make this study on organisations in the culture area, such as Gothenburg City Theatre or The Gothenburg Opera.



Our study has shown that internal communication can sometimes be a problem. However, it is of great importance. It would therefore be interesting to carry through a more detailed study of the internal communication within the municipalities and specifically the contact between the politicians and the administrations.



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## Appendices

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### ***Appendix A, Guide to the Interviews with the civil servants***

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Describe your role/position?

Describe your background?

Describe the organisation?

- number of employees etc.

Definition of culture from the organisations perspective

#### **Management by Objectives**

- Which are your goals for 2007?
- How do you work with MbO?
- What kind of goals have you identified?
- Do you think that the goals are precise?
- How do you measure goal fulfilment?
- How do you measure the goals?
- Do you think that the goals are measured in the right way?
- Do you work with sub goals?
- Have you identified long term goals?
- How do you work with feedback?

#### **Follow up**

- How do you work with feedback?
- Are goals adjusted during the follow up?
- Do you try to improve the work with MbO in any way?

#### **Participation**

- Who are included in the goal-setting process?
- Do you experience that you have the possibility to affect the goals?
- Does everyone, working in the organisation, have the possibility to affect the goals?
- Are the goals well implemented?
- Do you reward the employees in some way? (how)

#### **Analysis**

- Do you think that MbO is used in an optimal way? (explain)
- Do you think that culture really can be measured?
- Are the goals a part of the daily work? (how)
- Do the goals affect behaviour in the daily work?
- Do you find support and interest for culture from the municipal executive board/ the district committee?



## **Appendix B, Guide to the Interviews with the politicians**

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Describe your role/position?

What is the district committee's/ municipal executive boards duties and responsibility area?

What does the decision making looks like?

### **Management by Objectives**

- How do you apply MbO on the culture administration?
- What kind of goals have you identified?
- Is there something that differs steering by objectives in culture activities compared with other services supplied by the public sector?
- Are there goals identified for the culture administration that can not be combined with goals for other public services?
- Do you think that the goals are clear?
- Do you experience that too many/few goals have been identified?
- How do you measure goal-fulfilment?
- How do you measure the goals?
- Have you identified long term and short term goals?
- Do you think that goals are measured in the right way?

### **Follow up**

- How do you work with follow-up?
- Do you adjust goals and ways to measure the goals during the follow-up?
- Are you doing something to improve the way MbO is used?

### **Participation**

- Do the employees in the administration have the possibility to affect the goals that will be established?
- What happens if the goals are not fulfilled?
- Do you motivate the employees to goal-fulfilment in some way?
- Do you think that the employees in the administration are too involved in the goal setting process?

### **Analyse**

- Do you think that MbO is used in an optimal way?
- Do you think that it is difficult to establish goals for an activity that you do not work in or have detailed knowledge about?
- What is your opinion about the fact that politicians that have different standpoint must agree when establishing goals for an activity?